Blue Cross and Blue Shield of Alabama
HIOS Issuer ID: 46944

Part III Actuarial Memorandum and Certification

Individual Market
Effective January 1, 2021

August 17, 2020

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Blue Cross and Blue Shield of Alabama
Part III Actuarial Memorandum and Certification
Individual Market
Effective January 1, 2021

Section 1: General Information

This actuarial memorandum was revised on August 17, 2020 to reflect a change to the catastrophic plan factors. Revisions were made to sections 1, 2, 15, 16, 17, 18, and 19.

The actuarial memorandum was revised on August 4, 2020 to correct section 19.

This actuarial memorandum and corresponding actuarial certifications are submitted in support of the United States Department of Health and Human Services' ("HHS") "Part III: Actuarial Memorandum and Certification Instructions" described in the "2021 Unified Rate Review Instructions, Rate Filing Justification: Parts I, II, and III." This document provides information related to "Part I: Unified Rate Review Template" ("URRT") for Blue Cross and Blue Shield of Alabama's ("BCBSAL") non-grandfathered, Individual Market health plans for rates effective January 1, 2021.

This memorandum contains data, analysis, and explanations supporting the assumptions and methodology used in the premium rate development for products in the Individual Market. This includes specific support of the inputs and underlying assumptions used to populate the URRT. The contents of the memorandum are intended to demonstrate the reasonableness of the resulting Individual Market premium rates, as well as document that those rates have been developed in compliance with the market rating rules as established under the Affordable Care Act ("ACA") and in accordance with sound actuarial principles.

This memorandum generally follows the format outlined in the aforementioned HHS instructions.

General Information

Exhibits 1.1 and 1.2 provide identifying information and primary contact information.

Exhibit 1.1: Company Identifying Information	
Company Legal Name:	Blue Cross and Blue Shield of Alabama
State with Regulatory Authority:	Alabama
HIOS Issuer ID:	46944
Market:	Non-Grandfathered Individual
Effective Date:	January 1, 2021

Exhibit 1.2: Primary Company Contact Information	
Name:	Cameron Daniel
Title:	Manager Actuarial Services
[redacted]	

Health Benefit Plans

Exhibit 1.3 provides information about the plans to which this Actuarial Memorandum applies. For the remainder of this Memorandum, only Plan Names are referenced.

Exhibit 1.3: Individual Market Plans				
Market	**Product ID**	**Plan ID**	**Plan Name**	**Exchange**
Individual	46944AL033	46944AL0330001	Blue HSA Gold	[redacted]
Individual	46944AL037	46944AL0370001	Blue Value Gold	[redacted]
Individual	46944AL040	46944AL0400001	Blue Secure Silver	[redacted]
Individual	46944AL041	46944AL0410001	Blue Value Silver	[redacted]
Individual	46944AL046	46944AL0460001	Blue Saver Bronze	[redacted]
Individual	46944AL047	46944AL0470001	Blue Protect	[redacted]
Individual	46944AL056	46944AL0560001	Blue HSA Bronze	[redacted]
Individual	46944AL065	46944AL0650001	Blue Cross Select Gold	[redacted]
Individual	46944AL066	46944AL0660001	Blue Cross Select Silver	[redacted]
Individual	46944AL069	46944AL0690001	Blue Saver Silver	[redacted]

Section 2: Proposed Rate Change(s)

BCBSAL will continue to offer in 2021 all plans offered in 2020.

BCBSAL proposes an average 4.9% increase to rates.

The average rate changes vary by plan and range from -2.1% for Blue Protect to 5.4% for Blue Value Silver.

The rate changes will also vary by geographic area due to the updated geographic area rating factors. See Exhibit 7.1 in "Section 7: Demographic Shift" for a comparison of the current and proposed geographic area rating factors.

The rate changes will also vary by tobacco user status [redacted] The development of the proposed tobacco user factor is described in "Section 7: Demographic Shift".

The main considerations for the proposed rate changes are:

- Projected medical inflation and utilization as indicated in Section 5: Trend Factors,
- Anticipated changes in the average morbidity of the covered population as indicated in Section 6: Morbidity Adjustment,
- The elimination of the health insurance tax in 2021, and
- The return of claim utilization to more normal levels in 2021, as much care was deferred in 2020.

Other factors affecting the proposed rates are:

- Changes in member cost sharing (varies by plan),
- The projection of the required Cost Sharing Reduction (CSR) Adjustment factor, which includes the impact of cost sharing changes made to some of the CSR variation plans, and
- COVID-19 considerations

BCBSAL considered the following with regards to COVID-19:

- Deferred / Foregone Care: March, April, and May 2020 claims were less than expected due to lower utilization,
- Pent up demand: Some care that was deferred in 2020 could cause an increase to 2021 utilization,
- The additional cost of COVID-19 testing and treatment (in 2020) has been outweighed by deferred/foregone care in 2020.

- Provider reimbursement pressure in 2021 due to the financial strain brought on by COVID-19 and the resulting deferred/foregone care of 2020.
- The ACA Individual population is a high morbidity population on average and is more susceptible to contracting COVID-19.

In total, BCBSAL assumes the economic impact to providers in 2020 will create upward pressure on provider reimbursement levels. The cost of treating and testing COVID-19 and the upward pressure on provider reimbursement levels will be somewhat negated by continued hesitancy of members to return to providers for normal levels of care, but we expect there to be some pent up demand and additional services in 2021 that were deferred in 2020.

Exhibit 2.1 provides the components of the average rate increase. While the 2021 premium rates were not developed using the method shown in Exhibit 2.1, it is provided for illustrative purposes, and as a reasonableness check of the overall average rate increase. Please note that the components of the total required rate increase as shown in Exhibit 2.1 are multiplicative rather than additive and unrounded values were used in the calculation.

Exhibit 2.1: Components of Rate Increase	
Components of Rate Increase	**Required Premium Increase from 2020 to 2021**
[redacted]	
Required Premium increase in 2021 from 2020 Premiums	**4.9%**

Plan Level Rate Changes

The requested rate change is not the same across all products and plans. The plan level rate changes shown in Exhibit 2.2 reflect the impact of cost sharing changes for each plan and the change in the CSR adjustment factors. Such rate variation by plan reflects neither potential nor existing differences in morbidity.

The cost sharing changes made to these plans are intended to maintain Actuarial Values ("AVs") within the appropriate de minimis ranges and to keep up with changes in the cost and utilization of medical care.

Exhibit 2.2: Plan Level Rate Changes for 2021			
Plan	**Original Effective Date**	[redacted]	**2021 Rate Change**
Blue Value Gold	1/1/2014	[redacted]	4.8%
Blue HSA Gold	1/1/2014	[redacted]	4.9%
Blue Cross Select Gold	1/1/2016	[redacted]	4.8%
Blue Secure Silver	1/1/2014	[redacted]	4.9%
Blue Value Silver	1/1/2014	[redacted]	5.4%
Blue Cross Select Silver	1/1/2016	[redacted]	5.3%
Blue Saver Silver	1/1/2020	[redacted]	4.8%
Blue Saver Bronze	1/1/2014	[redacted]	2.7%
Blue HSA Bronze	1/1/2015	[redacted]	2.7%
Blue Protect	1/1/2014	[redacted]	-2.1%
Total/Average		[redacted]	**4.9%**

The rate changes by plan are based on the average 21 year old premium rates in 2020 and 2021. The average rate change across all plans is calculated by taking the weighted average of 2020 and 2021 rates by plan for a 21 year old, using the April 2020 members by plan and geographic area as weights.

Exhibit 2.3 below shows the 21 year old average rates and rate changes by plan.

Exhibit 2.3: Plan Level Rate Changes for 2021			
Plan	**2020 Average 21 Year-Old Rate**	**2021 Average 21 Year-Old Rate**	**2021 Rate Change**
Blue Value Gold	$525.34	$550.64	4.8%
Blue HSA Gold	$509.17	$533.87	4.9%
Blue Cross Select Gold	$504.27	$528.51	4.8%
Blue Secure Silver	$410.59	$430.51	4.9%
Blue Value Silver	$441.91	$465.80	5.4%
Blue Cross Select Silver	$412.06	$433.89	5.3%
Blue Saver Silver	$329.11	$345.06	4.8%
Blue Saver Bronze	$309.13	$317.49	2.7%
Blue HSA Bronze	$308.36	$316.73	2.7%
Blue Protect	$246.59	$241.49	-2.1%
Average			**4.9%**

Section 3: Experience and Current Period Premium, Claims, and Enrollment

Experience for the Single Risk Pool during the experience period reported in Worksheet 1, Section I, of URRT, includes all non-grandfathered health plans in the Individual Market.

Experience Period
12 months of calendar year 2019 based on the claim incurred date

Experience Period Paid Through Date
May 31, 2020

Current Date
Current enrollment and premium found in Section 2 of Worksheet 2 is reported as of April 30, 2020.

Premiums (net of MLR Rebate) in Experience Period
The reported premium in Section I of Worksheet 1 of [redacted]

1. Reflects premiums earned during the experience period by BCBSAL,
2. Does not reflect any reductions prescribed by HHS when calculating BCBSAL's MLR, such as taxes and assessments,
3. Does not reflect risk adjustment payables or receivables, and
4. Reflects HHS MLR rebates of $0 as BCBSAL's Individual MLR for 2016, 2017, and 2018 combined was 0.876 (taken from CMS MLR & Rebate Calculation filed 07/31/2019). The 2019 Individual MLR taken from the 2019 Supplemental Health Care Exhibit – Part 1 was 0.861. Consequently, BCBSAL has assumed a 2019 MLR in excess of the minimum 0.800 threshold.

Allowed and Incurred Claims Incurred During the Experience Period
When estimating Incurred but not Paid ("IBNP") for URRT, BCBSAL varied the methodology across three claim classifications. Each methodology, where appropriate, used historical claim data from BCBSAL's Individual non-grandfathered block of business.

(1) Initial Claims (overwhelming majority of URRT incurred claims)

IBNP was estimated by applying completion factors to experience period claims where completion factors were based on the Development (or Lag) Method referenced in paragraphs 2.5 and 3.4.1 of Actuarial Standard of Practice No. 5, "Incurred Health and Disability Claims."

A separate set of completion factors was developed for each incurred month during the experience period for each of the following benefit categories.

(a) Inpatient Hospital,
(b) Outpatient Hospital,

(c) Professional,
(d) Other Medical, and
(e) Prescription Drugs.

Allowed claims were developed by combining incurred claims with member cost sharing.

Allowed claims and incurred claims used the same set of completion factors.

(2) Drug and Medical Rebates (magnitude approximately [redacted] of URRT incurred claims)

IBNP was estimated by subtracting actual rebates paid from ultimate rebates. Ultimate rebates were derived by applying completion factors to actual rebates.

(3) Capitation Payments and Facility Retroactive Settlement Claims (magnitude less than [redacted] of URRT incurred claims)

IBNP is $0.

For Rebates, Capitation Payments, and Facility Retroactive Settlement Claims, allowed claims equal incurred claims.

Regardless of classification, all claims are combined within the six benefit categories listed in Section 2, of Worksheet 1, of the URRT.

The resulting IBNP estimates are neither unusually high nor unusually low relative to historical levels as completion factors were developed as a function of historical completion rates applied to the experience period claims.

As expected, the IBNP estimate is stable given the experience period is calendar year 2019 with claims paid through May 31, 2020, the large size of the block of business, and the historical consistency of the claims processing system.

Exhibit 3.1 shows incurred claims during the experience period by Benefit Category. The total of [redacted] equals that of "Incurred Claims in Experience Period," from Section I, of Worksheet 1, of URRT.

Exhibit 3.2 shows allowed claims during the experience period by Benefit Category. The total of [redacted] equals that of "Allowed Claims," from Section I, of Worksheet 1, of URRT.

Exhibit 3.3 shows the column heading definitions.

While incurred claims and allowed claims used the same completion factors, the year 2019 completion factor for a benefit category may differ between Exhibit 3.1 and Exhibit 3.2 because:

(1) For the classification of "Initial Claims," completion factors were derived and applied separately for each incurred month within 2019. To the extent that incurred claims and allowed claims are distributed differently across months, the overall completion factor will differ between incurred claims and allowed claims, and

(2) For all other classifications incurred claims and allowed claims are equal. By mixing these claims with claims associated with "Initial Claims" within a benefit category, the overall completion factor will differ for incurred claims and allowed claims.

The benefit category of Prescription Drug has a sizable amount of "Out System" claims. These "Out System" claims are comprised of drug rebates and drug claims adjudicated by the Pharmacy Benefit Manager (PBM).

Exhibit 3.1: Incurred Claims					
Benefit Category	**In System**	**Out System**	**IBNP**	**Total**	**Completion Factor**
Inpatient Hospital					
Outpatient Hospital					
Professional					
Other Medical					
Capitation					
Prescription Drug					
Total					

Exhibit 3.2: Allowed Claims					
Benefit Category	**In System**	**Out System**	**IBNP**	**Total**	**Completion Factor**
Inpatient Hospital					
Outpatient Hospital					
Professional					
Other Medical					
Capitation					
Prescription Drug					
Total					

Exhibit 3.3: Column Heading Definitions	
Heading	**Definition**
In System	Claims processed through BCBSAL's claim system
Out System	Claims processed outside of BCBSAL's claim system
IBNP	2019 Claims incurred but not paid as of 05/31/2020 which is the sum of "Reported but Unpaid," and "Incurred but not Reported." IBNP is the total of IBNP from "In System" and "Out System."
Total	= In System + Out System + IBNP; ultimate claims
Completion Factor	= (In System + Out System) / Total; paid claims as a % of ultimate claims

The Appendix provides the 2019 Supplemental Health Care Exhibits of BCBSAL's 2019 Annual filing. The data in the Appendix do not equal the experience period data (year 2019) used in the URRT in the development of 2021 rates due to differences in requirements, instructions, and timing. For example, the URRT excludes Grandfathered coverages which are included in the Supplemental Health Care Exhibits.

Section 4: Benefit Categories

Claims in the experience period were assigned to one of the following categories based on indicators (e.g. location of service, type service, claim form UB04/CMS 1500, etc.) associated with the claim data. These assignments mostly follow the definitions given below.

Inpatient Hospital (Utilization Unit: Days)

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, and other services provided in a facility setting on an inpatient basis and billed by the facility.

Outpatient Hospital (Utilization Unit: Services)

Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in a facility setting on an outpatient basis and billed by the facility.

Professional (Utilization Unit: Services)

Includes non-capitated primary care, specialist, laboratory, radiology, and other professional services that are billed directly by the provider.

Other Medical (Utilization Unit: Services)

Includes non-capitated ambulance, home health care, therapy, DME, chiropractic, prosthetics, supplies, and other services as well as all out-of-network services.

Capitation (Utilization Unit: Benefit Period)

Includes all services provided under capitated arrangements.

Prescription Drug (Utilization Unit: Prescriptions)

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from PBM.

Section 5: Trend Factors

BCBSAL cost and utilization projection trends by benefit category are determined by examining experience trends, and incorporating knowledge of provider reimbursement arrangements, utilization patterns by benefit category, and any pending changes of reimbursement or utilization. Exhibit 5.1 shows the components of trend broken into Year 1 (2020) and Year 2 (2021). Trends were selected using actuarial judgement with considerations for changes in demographics, benefits, seasonality, and one-time events. The rating trends in this section do not include the impact of COVID-19, which is addressed in Section 6.

Exhibit 5.1 Underlying Trend Factor Development				
	Year 1 Trend		**Year 2 Trend**	
	January - December 2020		January - December 2021	
Benefit Category	**Cost**	**Utilization**	**Cost**	**Utilization**
Inpatient	[redacted]			
Outpatient				
Professional				
Other Medical				
Capitation				
Prescription Drug				
Composite				

Since the current URRT instructions do not define a methodology for reflecting the change in allowed cost due to the expected shift in distribution of members by product between the experience period and the projection period, BCBSAL elected to adjust the underlying utilization trends for all benefit categories excluding Capitation. Exhibit 5.2 shows the calculation for value of the change in product mix. The allowed relativities used were derived from the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual experience.

Exhibit 5.2 Value of Change in Product Mix				
Plan Name	**Modeled Allowed Relativities**	**2019 Member Months**	**2020 Member Months**	**2021 Member Months**
Blue Value Gold	[redacted]			
Blue HSA Gold				
Blue Cross Select Gold				
Blue Secure Silver				
Blue Value Silver				
Blue Cross Select Silver				
Blue Saver Silver				
Blue Saver Bronze				
Blue HSA Bronze				
Blue Protect				
Total				

2019 Weighted Average Modeled Allowed Relativity	[redacted]
2020 Weighted Average Modeled Allowed Relativity	
2021 Weighted Average Modeled Allowed Relativity	

Year 1 Product Mix Trend Factor	[redacted]
Year 2 Product Mix Trend Factor	

Exhibit 5.3 shows the product mix adjusted trend factors by benefit category for Year 1 and Year 2. This exhibit combines information from Exhibits 5.1 and 5.2.

Exhibit 5.3 URRT Trend Factors				
	Year 1 Trend		**Year 2 Trend**	
	January - December 2020		January - December 2021	
Benefit Category	**Cost**	**Utilization**	**Cost**	**Utilization**
Inpatient	[redacted]			
Outpatient				
Professional				
Other Medical				
Capitation				
Prescription Drug				
Composite				

Section 6: Morbidity and Other Adjustments

Morbidity Adjustment

BCBSAL developed the expected Individual Market morbidity factor for 2021 based on available data on Individual Market members through April 2020. The following is the list of considerations that went into the morbidity factor development.

2019 to 2020 considerations

- Projected enrollment distribution changes by cohort increase morbidity (cohort analysis is described later in this section)
- [redacted]
- Special Enrollment Period members are expected to increase morbidity throughout the year.
- Lapses from healthier members are expected throughout the year, especially if they do not receive a premium subsidy.
- The COVID-19 pandemic could have an impact during the remainder of 2020 since members with higher morbidity are more likely to continue coverage.

2020 to 2021 considerations

- Projected enrollment distribution changes by cohort increase morbidity:
  - Projected lapse of previously underwritten members
  - Increase in Ryan White members
- Larger rate increases for non-QHP silver plans could drive higher adverse selection by members not eligible for Advanced Premium Tax Credits.

[redacted]

A high level summary of the morbidity factor development is shown in Exhibit 6.1.

Exhibit 6.1: Projected Morbidity Factor	
	Factor
2020 vs 2019 morbidity factor	[redacted]
2021 vs 2020 morbidity factor	
Total Morbidity Factor	

Cohort Analysis Process

For the cohort analysis, members were assigned into [redacted] cohorts in the following order:
[redacted]

The projected member month distribution by cohort by year can be seen in Exhibit 6.2.

Exhibit 6.2: Distribution of Member Months by Cohort

Cohort Analysis Summary

To determine the changes in the morbidity factors by cohort, BCBSAL segmented the changes into multiple time periods and additional cohorts.

Using the cohort analysis, the total morbidity change from 2019 to 2020 is

Continuing the cohort analysis into 2021 results in a projected morbidity change of for 2021 vs. 2020.

The Morbidity Adjustment used in Worksheet 1 of the URRT is as shown in Exhibit 6.1.

Other Adjustment

Regulatory Changes

On March 19, 2020, all elective dental and medical procedures were delayed in Alabama per the "Order of the State Health Officer Suspending Certain Public Gatherings Due to Risk of Infection by COVID-19" ("ORDER").

On April 28, 2020, ORDER was amended such that this delay of all elective dental and medical procedures was lifted effective 5:00pm on April 30, 2020.

Net Decrease to Health Care Costs due to Delayed Care and Forgone Care

While additional medical costs were incurred in Alabama due to care necessitated by COVID-19, these additional costs were more than offset by: (1) Delayed Care, and (2) Forgone Care.

BCBSAL projected the net impact of COVID-19 claims, delayed care, and forgone care for BCBSAL's 2020 Individual claims to be a [redacted].

BCBSAL developed this projection of the 2020 impact by:

(1) Considering historical seasonality for months of March through June and evaluating the difference between seasonally adjusted experience and actual experience for 03/2020 through 06/2020, and

(2) Using actuarial judgment for net utilization moving toward normal levels after 06/2020.

Through this analysis, BCBSAL, projects the net [redacted] to health care costs will end in 2020.

Temporarily Increased Utilization Due to Release of "Pent Up" Demand

BCBSAL projects a period of time when the pent up demand leads to temporarily increased utilization assumed to begin in 2020 and extend into 2021.

Increased utilization is projected to result in the following increases to incurred claims:

(1) [redacted] to claims in calendar year 2020 offsetting some of the aforementioned [redacted] to claims, and

(2) [redacted] to claims in calendar year 2021.

Factor for Other Adjustment

This [redacted] is calculated as a percent [redacted] to what would have otherwise been 2021 incurred claims.

Consequently, the rating factor associated with Other Adjustment as shown in Section II of Worksheet 1 is [redacted]

Section 7: Demographic Shift

Demographic changes were estimated using BCBSAL's geographic area factors, the age curve described in the paragraph immediately preceding Exhibit 18.2, and other rating factors along with projected member months.

<u>Area Factor Adjustment</u>

The rating areas used are the Alabama geographic rating areas listed in Appendix A of the State of Alabama Department of Insurance Bulletin No. 2013-04.

New proposed factors were developed using five years of normalized Individual metallic claims data. BCBSAL calculated average allowed PMPMs by area using experience data [redacted] In order to reflect delivery cost differences only, BCBSAL normalized the data using [redacted] to adjust for differences in population morbidity. The data was also normalized for benefit plan mix and the impact of large claimants.

BCBSAL also considered the following:

- Geographic proximity of rating areas,
- Consistency of the data across the [redacted] and
- The resulting rate impact for renewing policies from changing the area factors.

Exhibit 7.1 shows BCBSAL's current and proposed area rating factors.

Exhibit 7.1: Area Factors			
MSA	**Rating Area**	**Current Area Factors**	**Proposed Area Factors**
Anniston-Oxford, AL	Rating Area 1	[redacted]	
Auburn-Opelika, AL	Rating Area 2		
Birmingham-Hoover, AL	Rating Area 3		
Columbus, GA-AL	Rating Area 4		
Decatur, AL	Rating Area 5		
Dothan, AL	Rating Area 6		
Florence-Muscle Shoals, AL	Rating Area 7		
Gadsden, AL	Rating Area 8		
Huntsville, AL	Rating Area 9		
Mobile, AL	Rating Area 10		
Montgomery, AL	Rating Area 11		
Tuscaloosa, AL	Rating Area 12		
Non-MSA Area, AL	Rating Area 13		

Exhibit 7.2 shows the numerical development of the "2019 Experience Period Average Area Factor" of [redacted] which was developed as the weighted average of the "Area Factors" using the 2019 membership across rating areas as weights.

Exhibit 7.2 also shows the numerical development of the "2021 Projection Period Average Area Factors" of [redacted] which was developed as the weighted average of the "Area Factors" using the projected 2021 membership across rating areas as weights.

The projected 2021 membership distribution across rating areas is assumed to be identical to that of April 2020.

Exhibit 7.2: Area Factor Adjustment				
MSA	**Rating Area**	**Area Factors**	**Actual 2019 Enrollment Distribution**	**Projected 2021 Enrollment Distribution**
Anniston-Oxford, AL	Rating Area 1	[redacted]		
Auburn-Opelika, AL	Rating Area 2			
Birmingham-Hoover, AL	Rating Area 3			
Columbus, GA-AL	Rating Area 4			
Decatur, AL	Rating Area 5			
Dothan, AL	Rating Area 6			
Florence-Muscle Shoals, AL	Rating Area 7			
Gadsden, AL	Rating Area 8			
Huntsville, AL	Rating Area 9			
Mobile, AL	Rating Area 10			
Montgomery, AL	Rating Area 11			
Tuscaloosa, AL	Rating Area 12			
Non-MSA Area, AL	Rating Area 13			
Total				
2019 Experience Period Average Area Factor				
2021 Projection Period Average Area Factor				
Area Factor Adjustment [redacted]				

Age Factor Adjustment

BCBSAL used the age curve described in the paragraph immediately preceding Exhibit 18.2 in calculating both the average experience period age factor and the average projection period age factor. The average projection period age factor was calculated by analyzing historical membership, average age factor and monthly percentage change in average age. This development can be seen in Exhibits 7.3 and 7.4.

In the exhibits, the Monthly Change is the actual change in the total average age factor by month. BCBSAL used the Monthly Change impact in the historical data as a basis for the Monthly Change impact in the projected data. The 2021 projection period average age factor is a weighted average of the projected monthly average age factor and the projected total enrollment by month.

Exhibit 7.3: Historical Average Age Factor Change Analysis

[redacted]

Exhibit 7.4: Projected Average Age Factor Changes

[redacted]

2019 Experience Period Average Age Factor	[redacted]
2021 Projection Period Average Age Factor	
Age Factor Adjustment [redacted]	

Tobacco Factor Adjustment

A new proposed tobacco rating factor was developed using more than three years of normalized Individual metallic claims data. BCBSAL calculated average allowed PMPMs for tobacco users and non-tobacco users using experience data [redacted] The data was also normalized for benefit plan mix, area mix, and age mix.

The new tobacco rating factor is [redacted] for members who use tobacco.

The experience period tobacco factor [redacted] was developed using 2019 enrollment by tobacco usage status and exchange status. The latter split of 2019 enrollment was used to see if the distribution of tobacco and non-tobacco users varies by that characteristic. Exhibit 7.5 provides detailed information concerning the development of the 2019 average tobacco factor.

Exhibit 7.5: 2019 Experience Period Average Tobacco Factor			
Tobacco User	**Exchange Status**	**Member Months**	**Tobacco User**
Yes	On Exchange	[redacted]	[redacted]
No	On Exchange		
Yes	Off Exchange		
No	Off Exchange		
2019 Average Tobacco Factor			[redacted]
% of Total Enrollment on Exchange			
2019 On Exchange % Tobacco User			
2019 Off Exchange % Tobacco User			

BCBSAL used experience data showing the average percentage of tobacco users by year for On Exchange vs. Off Exchange to make assumptions about this distribution for 2021. Results are shown in Exhibit 7.6.

Exhibit 7.6: Percentage of Tobacco Users		
Year	**On Exchange**	**Off Exchange**
2014	[redacted]	
2015		
2016		
2017		
2018		
2019		
2020 (Jan-Apr)		
2021 (assumed)		

The projection period tobacco factor [redacted] was developed by combining the assumptions above for percentage of tobacco users and BCBSAL's projected 2021 enrollment by on exchange and off exchange. The numerical development for the 2021 projected average tobacco factor can be found in Exhibit 7.7.

Exhibit 7.7: 2021 Projection Period Average Tobacco Factor			
Tobacco User	**Exchange Status**	**Member Months**	**Tobacco User**
Yes	On Exchange	[redacted]	
No	On Exchange		
Yes	Off Exchange		
No	Off Exchange		
2021 Average Tobacco Factor			[redacted]
% of Total Enrollment on Exchange			
2021 On Exchange % Tobacco User			
2021 Off Exchange % Tobacco User			

The calculation for the adjustment was done by dividing the 2021 average tobacco factor by the 2019 average tobacco factor (shown below).

[redacted]

Total Demographic Shift

Exhibit 7.8 shows the calculation of the total demographic shift factor.

Exhibit 7.8: Demographic Shift	**Factor**
Area Factor Adjustment	[redacted]
Age Factor Adjustment	
Tobacco Factor Adjustment	
Total Demographic Shift Adjustment [redacted]	

Section 8: Plan Design Changes

BCBSAL made changes to cost sharing requirements, which were made to each plan both to maintain Actuarial Values within the appropriate de minimis ranges and to keep up with changes in the cost and utilization of medical care. The value of these changes for each plan was calculated by using the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual experience, to model both the 2019 and 2021 benefits. The difference between these two values is the difference due only to the change in cost sharing and can be seen in Exhibit 8.1. All benefits covered in the experience period will also be covered in the projection period.

Exhibit 8.1: Value of Cost Sharing Changes from 2019 to 2021 by Plan			
Plan Name	**2019 Modeled Allowed Relativities**	**2021 Modeled Allowed Relativities**	**Value of Cost Sharing Changes from 2019 to 2021**
Blue Value Gold	[redacted]		
Blue HSA Gold			
Blue Cross Select Gold			
Blue Secure Silver			
Blue Value Silver			
Blue Cross Select Silver			
Blue Saver Silver			
Blue Saver Bronze			
Blue HSA Bronze			
Blue Protect			

The overall value for the cost sharing changes is calculated in Exhibit 8.2. The Impact of Cost Sharing Changes on Allowed is 1 plus the Value of Cost Sharing Changes from 2019 to 2021 found in Exhibit 8.1.

Exhibit 8.2: Allowed Impact of Cost Sharing Changes		
Plan Name	**% of 2019 Total Allowed Claims**	**Impact of Cost Sharing Changes on Allowed**
Blue Value Gold	[redacted]	
Blue HSA Gold		
Blue Cross Select Gold		
Blue Secure Silver		
Blue Value Silver		
Blue Cross Select Silver		
Blue Saver Silver		
Blue Saver Bronze		
Blue HSA Bronze		
Blue Protect		
Allowed Impact of Cost Sharing Changes		
Total Decrease due to Cost Sharing Changes		

Section 9: Manual Rate Adjustments

No manual rate was needed as BCBSAL's experience period claims are deemed fully credible as discussed in Section 10: Credibility of Experience.

Section 10: Credibility of Experience

BCBSAL has assigned full credibility to the Base Period Experience in the Individual URRT as this experience is comprised of [redacted] member months in 2019 which is equivalent to [redacted] life years.

This assignment of full credibility is consistent relative to:

(1) Actuarial Standards of Practice #25, specifically section 3.4, "Professional Judgment," states, "…in some situations, an acceptable procedure for blending the subject experience with the relevant experience may be based on the actuary assigning full, partial, or zero credibility to the subject experience without using a rigorous mathematical model," and

(2) MLR standard of 75,000 life years for full credibility as stated in 45 CFR Part 158, §158.232(b)(2).

Section 11: Establishing the Index Rate

Information contained in the section may not calculate exactly to the final results indicated due to rounding.

Experience Period Index Rate

Exhibit 11.1 provides details around the development of BCBSAL's 2019 Individual ACA Index Rate.

Exhibit 11.1: Calculation of Experience Period Index Rate						
	A	B	C	D = B / C * 12000	E = A / B	F = D * E / 12000
Benefit Category	**Allowed Claims**	**Utilization**	**Member Months**	**Utilization/1000**	**Cost/Service**	**Experience Period Index Rate PMPM**
Inpatient Hospital	[redacted]					
Outpatient Hospital						
Professional						
Other Medical						
Capitation						
Prescription Drug						
Total						

The Index Rate equals the allowed claims PMPM from the experience period less non-EHB claims ($0.00 PMPM). There were no non-EHBs covered in the experience period.

Experience Period Index Rate PMPM = [redacted]

Projection Period Index Rate

BCBSAL applied the Trend Factors of Exhibit 5.3 in Exhibit 11.2 to the Experience Period Index Rate PMPM for EHBs to develop the Trended EHB Allowed Claims PMPM.

Exhibit 11.2: Trending EHB Allowed Claims PMPM						
	A	B	C	D	E	F = A * B * C * D * E
Benefit Category	**Experience Period Index Rate PMPM**	**Year 1 Cost Trend**	**Year 1 Utilization Trend**	**Year 2 Cost Trend**	**Year 2 Utilization Trend**	**Trended EHB Allowed Claims PMPM**
Inpatient Hospital	[redacted]					
Outpatient Hospital						
Professional						
Other Medical						
Capitation						
Prescription Drug						
Total						

The Cost and Utilization Trend factors are in total applied for the 24 months from the mid-point of the experience period to the mid-point of the projection period. For example, the Trended EHB Allowed Claims PMPM for Outpatient Hospital is calculated as follows:

[redacted]

Note: rounded numbers are shown in the exhibit, while unrounded numbers are used for the actual calculations. This may cause some slight differences in final results.

BCBSAL applied the Projection Factors in Exhibit 11.3 (as described in Section 6: Morbidity and Other Adjustments, Section 7: Demographic Shift, and Section 8: Plan Design Changes) to the trended EHB allowed claims PMPM to develop the projection period allowed cost PMPM.

Exhibit 11.3: Calculation of Projection Period Index Rate						
	A	B	C	D	E	F = A * B * C * D * E
Benefit Category	**Trended EHB Allowed Claims PMPM**	**Morbidity Adjustment**	**Demographic Shift**	**Plan Design Changes**	**Other**	**Projection Period Index Rate**
Inpatient Hospital	[redacted]					
Outpatient Hospital						
Professional						
Other Medical						
Capitation						
Prescription Drug						
Total						

The Projection factors are in total applied for the 24 months from the mid-point of the experience period to the mid-point of the projection period. For example, the Projection Period Allowed Claims PMPM for Prescription Drug is calculated as follows:

[redacted]

Allowed Claims PMPM for the Projection Period is [redacted], the sum of the Projection Period PMPMs by benefit category shown in Exhibit 11.3. There will be no non-EHBs covered in the Individual Market during 2021, and as described in Section 10, BCBSAL has assigned full credibility to its base period experience and no manual rate adjustment is necessary. Therefore, the Index Rate for the Projection Period is also [redacted]

The Trended EHB Allowed Claims PMPM in Exhibit 11.2 and the Projected Index Rate in Exhibit 11.3 do not match exactly to the Trended EHB Allowed Claims PMPM and the Projected Index Rate in the URRT due to URRT rounding requirements.

Section 12: Development of the Market-wide Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the index rate adjusted for all allowable market-wide modifiers, including reinsurance, risk adjustment, and the exchange user fee adjustment. This calculation is shown in Exhibit 12.1. The Market Adjusted Index Rate in Exhibit 12.1 does not match exactly to the Market Adjusted Index Rate in the URRT due to URRT rounding requirements.

Exhibit 12.1: Calculation of 2021 Market Adjusted Index Rate	
Projected 2021 Index Rate	[redacted]
Reinsurance	
Risk Adjustment Payment/Charge	
Exchange User Fee Adjustment	
Market Adjusted Index Rate	
[redacted]	

Reinsurance

There are no expected reinsurance recoveries for 2021.

Experience Period Risk Adjustment

The risk adjustment transfer for the 2019 BCBSAL Individual Market is listed in Exhibit 12.2. As published by CMS on 7/17/2020, this is the amount BCBSAL will receive for 2019 net of High-Cost Risk Pool payments and charges.

Exhibit 12.2: 2019 Risk Adjustment Transfer		
Member Months	**Transfer Payment**	**Transfer on PMPM Basis**
[redacted]	$5,400,297	[redacted]

Projected Risk Adjustment PMPM

BCBSAL expects a recovery of [redacted] PMPM in 2021 from the risk adjustment program, based on the following:

- [redacted]
- BCBSAL assumes a statewide average premium similar to BCBSAL's average premium, dampened by 14% for administrative costs.
- [redacted]

- Risk adjustment transfers will be altered for high-cost enrollees in 2021. Individual Market issuers will be reimbursed for 60% of paid claims in excess of $1 million for any such enrollees, while all Individual Market issuers nationwide will be assessed a small uniform percent of premium. [redacted]

In the development of the market adjusted index rate, the expected risk adjustment transfer will be applied to the index rate on an allowed claims basis. To calculate the [redacted] allowed PMPM, the risk adjustment transfer estimate [redacted] PMPM was divided by the paid to allowed ratio [redacted]

Exchange User Fee

The exchange user fee adjustment in the Market Adjusted Index Rate calculation is on an allowed basis. The exchange user fee on an incurred basis is [redacted] of premium. Exhibit 12.3 provides the detailed development of the exchange user fee on an allowed basis.

Exhibit 12.3: Calculation of Exchange User Fee (Allowed Basis)

[redacted]

[redacted]

Section 13: Actuarial Value and Cost Sharing

Induced Utilization Adjustment Factors

The induced utilization adjustment factors are used to account for the expected utilization differences due to differences in cost sharing. They are the induced utilization of the plan relative to the induced utilization of the total Individual Market. They were developed using the Milliman Managed Care Rating Model using a standard population and [redacted] claims experience normalized for risk, area, network, and large claims. This demonstrates the expected utilization differences due to cost-sharing factors alone, independent of health status. Induced Utilization factors are shown in column C of Exhibit 16.1.

Paid to Allowed Adjustment Factors

The 2021 average paid to allowed factor is calculated by projecting paid to allowed ratios and allowed PMPMs by plan. Unrounded values were used throughout this section.

Exhibit 13.1 shows the development of the each plan's Projected 2021 Paid to Allowed Ratio. The paid amount used in this development is assuming all members are on the standard plan.

Exhibit 13.1: Projected 2021 Paid to Allowed Ratios by Plan

	A	B	C	D	E	F = A x B x C x D x E
Plan Name	**2019 (Actual) Paid to Allowed Ratio**	**Estimated Impact of Leveraging**	**Estimated Impact of Cost Sharing Changes**	**Estimated Impact of Change in Morbidity**	**Estimated Impact of COVID-19 Pent up Demand**	**Projected 2021 Paid to Allowed Ratio**
Blue Value Gold	[redacted]					
Blue HSA Gold						
Blue Cross Select Gold						
Blue Secure Silver						
Blue Value Silver						
Blue Cross Select Silver						
Blue Saver Silver*						
Blue Saver Bronze						
Blue HSA Bronze						
Blue Protect						

*Blue Saver Silver is new in 2020.

The following items in Exhibit 13.1 were derived using the Milliman Managed Care Rating Model which was calibrated to BCBSAL's Individual experience:

- Estimated impact of leveraging (column B),
- Estimated impact of cost sharing changes (column C),
- Increase for higher expected morbidity (column D), and
- Estimated impact of COVID-19 pent up demand (column E).

The highlighted value in Exhibit 13.1 indicates that the plan was new in 2020. The Projected 2021 Paid to Allowed Ratio was estimated using experience of similar plans and adjusting for the expected differences in paid to allowed ratios between those plans due to differences in benefit design. These expected differences were derived from the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual Market experience.

Exhibit 13.2 shows the development of the each plan's Projected 2021 Allowed PMPM.

Exhibit 13.2: Projected 2021 Allowed PMPMs by Plan

	A	B	C	D	E	F = A x B x C x D x E
Plan Name	**2019 (Actual) Allowed PMPM**	**2-Year Trend Factor**	**Estimated Impact of Cost Sharing Changes**	**Estimated Impact of Change in Morbidity**	**Estimated Impact of COVID-19 Pent up Demand**	**Projected 2021 Allowed PMPM**
Blue Value Gold	[redacted]					
Blue HSA Gold						
Blue Cross Select Gold						
Blue Secure Silver						
Blue Value Silver						
Blue Cross Select Silver						
Blue Saver Silver*						
Blue Saver Bronze						
Blue HSA Bronze						
Blue Protect						

*Blue Saver Silver is new in 2020.

2019 (Actual) Allowed PMPMs shown in Exhibit 13.2 were adjusted for trend, cost sharing changes, and morbidity in order to project to a 2021 allowed PMPM basis. The trend factor (column B) applies two years of the composite trend factor. The impact of cost sharing changes (column C) was derived from the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual experience. The impact due to change in morbidity (column D) was developed in Section 6.

The highlighted value in Exhibit 13.2 indicates that the plan was new in 2020. The Projected 2021 Allowed PMPM was estimated using experience of similar plans and adjusting for the expected differences in allowed PMPM between those plans due to differences in benefit design. These expected differences were derived from the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual Market experience.

2019 (Actual) Paid to Allowed Ratios (in Exhibit 13.1) and 2019 (Actual) Allowed PMPMs (in Exhibit 13.2) by plan exclude data for capitated benefits, drug rebates, and medical rebates. These items are reflected in the total, shown in the Adjustment for Drug Rebates and Other in Exhibit 13.3 below.

Exhibit 13.3: Paid to Allowed Ratio					
	A	B	C	E = A x (B x C + D)	E = A x (B + D)
Plan Name	**Projected 2021 Member Months**	**Projected 2021 Allowed PMPM**	**Projected 2021 Paid to Allowed Ratio**	**Projected Paid Amount (Numerator)**	**Projected Allowed Amount (Denominator)**
Blue Value Gold	[redacted]				
Blue HSA Gold					
Blue Cross Select Gold					
Blue Secure Silver					
Blue Value Silver					
Blue Cross Select Silver					
Blue Saver Silver					
Blue Saver Bronze					
Blue HSA Bronze					
Blue Protect					
Total					
Adjustment for Drug Rebates and Other					
Total Adjusted					

2021 Projected Total Paid to Allowed Ratio	[redacted]

Exhibit 13.4 shows the calculation for the Paid to Allowed Adjustment Factor. The Paid to Allowed Adjustment Factor is the Modeled 2021 Paid to Allowed Ratio by plan multiplied by the 2021 Projected Total Paid to Allowed Ratio calculated in Exhibit 13.3 relative to the Total Modeled 2021 Paid to Allowed Ratio.

Exhibit 13.4: Paid to Allowed Adjustment Factors			
	A	B	C = A / A(Total) x B
Plan Name	**Modeled 2021 Paid to Allowed Ratio**	**2021 Projected Total Paid to Allowed Ratio**	**Paid to Allowed Adjustment Factor**
Blue Value Gold	[redacted]		
Blue HSA Gold			
Blue Cross Select Gold			
Blue Secure Silver			
Blue Value Silver			
Blue Cross Select Silver			
Blue Saver Silver			
Blue Saver Bronze			
Blue HSA Bronze			
Blue Protect			
Total			

CSR Adjustment Factor

Given the federal government will not fund the CSR program in 2021, BCBSAL has made provisions in the development of its Plan Adjusted Index Rates.

A small amount of what would have been the 2021 CSR amounts are related to limited cost sharing and no cost sharing CSR variation plans for eligible American Indians and Alaska Natives for all exchange plans. These CSR amounts are projected to be of incurred claims based on 2019 experience.

Exhibit 13.5: Calculation of QHP Silver CSR Adjustment Factor

[redacted]

Projected CSR amounts by QHP silver plan variation are calculated by developing projected 2021 allowed PMPMs, paid to allowed ratios with and without CSR funding, and average members.

The projected allowed PMPMs in column A of Exhibit 13.5 exclude drug rebates. The projections in column A were developed from the 2019 allowed PMPMs by plan. The projected paid to allowed ratios were developed from the 2019 paid to allowed ratios by plan with modeled impacts of trend, cost sharing benefit changes, and change in morbidity between the 2019 and 2021 plans. The projected 2021 average members by plan variation were developed from actual enrollment through April 2020, historical changes in enrollment by plan variation, and expected changes in enrollment by plan variation.

[redacted] The values shown in lines (a) and (b) of Exhibit 13.6 have been taken from Exhibit 13.5.

The projected relativity of BCBSAL's loss ratio of QHP silver plans with CSR funding adjusted for drug rebates, and BCBSAL's entire individual ACA block of business is shown in line (c) as [redacted]

This [redacted] indicates the loss ratio of QHP silver plans is projected to be about [redacted] less than that of the entire block based on historical and current data.

The factor of [redacted] is developed by dividing row (a) by row (b) and multiplying that result by row (c). Multiplying by row (c) adjusts the calculation such that the additional premium and claims resulting from CSR being unfunded in 2021 do not change the loss ratio of the entire individual ACA block of business.

This projected [redacted] impact has been combined with the projected [redacted] impact for the limited cost sharing and no cost sharing CSR variation plans for eligible American Indians and Alaska Natives as shown in row (e) to develop the QHP Silver Plan CSR Adjustment Factor of [redacted] as shown in row (f).

Exhibit 13.6: Calculation of QHP Silver Plans CSR Adjustment Factor

[redacted]

Section 14: Administrative Costs

BCBSAL evaluated administrative expenses for all lines of business as well as the Individual ACA line of business. Administrative expenses were reviewed on a per capita basis and on a percent of premium basis for prior time periods. The administrative expense assumption was developed from this analysis and converted to a percent of premium. Considerations for the 2021 administrative expense assumption include, but are not limited to:

- Administrative expenses for the corporation, and historical changes,
- Administrative expenses by line of business, and expenses allocated to the Individual line of business, and
- Ongoing maintenance, requirements, and future improvements in health plan administration (for the Individual ACA market), and medical management programs applicable to the Individual market.

BCBSAL does not vary non-benefit expense components by plan.

Exhibit 14.1 shows the non-benefit expense components for 2021. Assumptions for 2020 are listed for reference only.

Exhibit 14.1: Components of Total URRT Retention		
	Retention Factors	
Component	**2020**	**2021**
Administrative Expenses		
Contribution to Surplus & Risk Margin		
Taxes and Fees (from Exhibit 14.2)		
Total URRT Retention		

URRT retention components are rounded to four decimal places (or two decimal places for a number expressed as a percentage).

Exhibit 14.2 shows the taxes and fees components for 2021. The taxes and fees components for 2020 are listed for reference only.

Exhibit 14.2: Components of Taxes and Fees		
	Retention Factors	
Component	**2020**	**2021**
State Premium Tax		
Health Insurer Fee		
Risk Adjustment User Fee		
Patient-Centered Outcomes Research Institute (PCORI) Fee		
Total Taxes and Fees		

Totals for taxes and fees are rounded to four decimal places (or two decimal places for a number expressed as a percentage).

Taxes and Fees (expressed as a percent of premium):

State Taxes – state premium tax established by state law as 1.600% percent of premium.

- State Premium Tax 1.60%

ACA Taxes and Fees – applicable to the Individual Market as defined by the ACA.

- Health Insurer Fee 0.00%

For calendar year 2021 and after, the Further Consolidated Appropriations Act of 2020 repealed the Health Insurer Fee which would have otherwise been assessed for calendar year 2021.

- Risk Adjustment User Fee

The HHS Notice of Benefit and Payment Parameters for 2021 established the 2021 risk adjustment user fee at $3.00 PMPY or $0.25 PMPM. This converts to approximately of BCBSAL's 2021 projected individual non-grandfathered premium.

- Patient-Centered Outcomes Research Institute (PCORI) Fee

The IRS indicated a PCORI fee of $2.54 PMPY for plan years ending on or after 10/01/2019 and before 10/01/2020. By applying projected inflation, a projected PCORI fee of $2.75 PMPY was developed for plan years ending 12/2021. This converts to approximated of BCBSAL's 2021 projected individual non-grandfathered premium.

Section 15: Other Plan Level Adjustments

Provider Network Adjustment

The total provider network factor for each plan is the product of any applicable plan level adjustments. The calculated provider network factor was then adjusted so that the member month and allowed weighted average provider network factor is 1.0000. Exhibit 15.1 shows the calculation. The [redacted] in column C was calculated by weighting the provider network factors in column C by member months (column A) and allowed relativities (column B).

Exhibit 15.1: Calculation of Adjusted Provider Network Adjustments				
	A	B	C	D = C / C(Total)
Plan Name	2021 Projected Member Months	Induced Utilization Adjustment Factor	Provider Network Factor - Referral Requirement	Provider Network Factor Adjusted
Blue Value Gold	[redacted]			
Blue HSA Gold				
Blue Cross Select Gold				
Blue Secure Silver				
Blue Value Silver				
Blue Cross Select Silver				
Blue Saver Silver				
Blue Saver Bronze				
Blue HSA Bronze				
Blue Protect				
Total				

Catastrophic Factor

Using the Milliman Managed Care Rating Model, BCBSAL modeled the Catastrophic plan benefits using standard demographic assumptions and then modeled the benefits using demographics for the Catastrophic plan. The modeled incurred PMPM using expected demographics for the Catastrophic plan was [redacted] lower than the modeled incurred PMPM using standard demographics.

CMS age factors only account for a [redacted] reduction to premium between the standard demographics and the expected catastrophic demographics. The catastrophic factor is used to account for the additional premium decrease needed to reflect the full [redacted] difference between the two populations.

This factor is calculated as [redacted]
Catastrophic factor = [redacted]

The Catastrophic factor was then rounded to a factor of [redacted] This is lower than last year's Catastrophic factor of [redacted] A newer version of the Milliman Managed Care Rating Model was used along with updated Catastrophic plan demographics. This change decreases the Catastrophic plan rate relative to the average.

Exhibit 15.2 shows the Catastrophic factors by plan. All Metal Level plans have a factor of 1.0 as instructed by the URRT.

Exhibit 15.2: Catastrophic Factors		
Plan Name	**2021 Projected Member Months**	**Catastrophic Factor**
Blue Value Gold	[redacted]	[redacted]
Blue HSA Gold	[redacted]	[redacted]
Blue Cross Select Gold	[redacted]	[redacted]
Blue Secure Silver	[redacted]	[redacted]
Blue Value Silver	[redacted]	[redacted]
Blue Cross Select Silver	[redacted]	[redacted]
Blue Saver Silver	[redacted]	[redacted]
Blue Saver Bronze	[redacted]	[redacted]
Blue HSA Bronze	[redacted]	[redacted]
Blue Protect	[redacted]	[redacted]
Total	[redacted]	[redacted]

Section 16: Plan Adjusted Index Rates

The Plan Adjusted Index Rates were developed from the Market Adjusted Index Rate using the following adjustment factors:

- Actuarial value and cost-sharing design (Section 13)
  - Paid to allowed adjustment factor,
  - Expected utilization differences due to differences in cost sharing labeled below in Exhibit 16.1 as induced utilization, and
  - CSR adjustment factor to fund the CSR program in 2021.
- Adjustment for administrative costs excluding exchange user fees (Section 14)
- Other plan level adjustments (Section 15)
  - Provider Network
  - Impact of specific eligibility categories for the catastrophic plan

Exhibit 16.1 provides details for the plan-specific plan adjusted index rate calculations. Unrounded values were used to calculate the Plan Adjusted Index Rates. The Plan Adjusted Index Rates in Exhibit 16.1 do not match exactly to the Plan Adjusted Index Rates in the URRT due to URRT rounding requirements.

Exhibit 16.1: Calculation of Plan Adjusted Index Rates

	A	B	C	D	E	F	G	H	I = B x C x D x E x F x G / (1 - H)
Plan Name	**Projected Member Months**	**Market Adjusted Index Rate**	**Induced Utilization Adjustment Factor**	**Paid to Allowed Adjustment Factor**	**CSR Adjust-ment Factor**	**Provider Network**	**Cata-strophic Factor**	**Admin Costs (% of Premium)**	**Plan Adjusted Index Rates**
Blue Value Gold	[redacted]								
Blue HSA Gold									
Blue Cross Select Gold									
Blue Secure Silver									
Blue Value Silver									
Blue Cross Select Silver									
Blue Saver Silver									
Blue Saver Bronze									
Blue HSA Bronze									
Blue Protect									

Section 17: Calibration

The Plan Adjusted Index Rates were calibrated for age and area factors.

Age Calibration:

The plan adjusted index rates were calibrated by a projected average age factor (using the age curve described in the paragraph immediately preceding Exhibit 18.2) of [redacted] This factor is different from the 2021 projected average age factor because it is adjusted to account for the distribution of members expected to pay no premium due to the cap of the three oldest child dependents under age 21. Monthly adjusted average age factors were calculated by applying a factor of zero for the members over the child dependent cap. These were compared to the monthly average age factors calculated in Section 7. The average percent difference between the two factors was [redacted] which can be seen in Exhibit 17.1. This difference was applied to the projected average age factors in Section 7 to calculate the average age factors adjusted for members expected to pay no premium due to the child dependent cap. This calculation is shown in Exhibit 17.2. The 2021 Projection Period Average Age Calibration Factor of [redacted] was then derived by calculating a member weighted average of the monthly 2021 adjusted average age factors.

Exhibit 17.1: Historical Adjusted Average Age Factors

[redacted]

Exhibit 17.2: Projected Adjusted Average Age Factors

[redacted]

2021 Projection Period Average Age Calibration Factor = [redacted]

<u>Area Calibration:</u>

The plan adjusted index rates were also calibrated for the projected average geographic area factor of [redacted] The details of the development of BCBSAL's projected Individual 2021 average area factor of [redacted] are shown in Section 7.

<u>Tobacco Calibration</u>

The plan adjusted index rates were also calibrated for the projected average tobacco factor of [redacted] The details of the development of BCBSAL's projected Individual 2021 average tobacco factor of [redacted] are shown in Section 7.

Calibrated Plan Adjusted Index Rates

The calibrated plan adjusted index rate is the plan adjusted index rate divided by the product of the age curve calibration, area calibration, and tobacco calibration factors. Exhibit 17.3 shows the calculation of the calibrated plan adjusted index rates, which equal the 21 year old, rating area 3 (i.e., Birmingham – MSA which has an area factor of 1.000), non-tobacco premium rates for each plan. The Calibrated Plan Adjusted Index Rates in Exhibit 17.3 do not match exactly to the Calibrated Plan Adjusted Index Rates in the URRT due to URRT rounding requirements.

Exhibit 17.3: Calculation of Calibrated Plan Adjusted Index Rates					
	A	B	C	D	E = A / B / C / D
Plan Name	**Plan Adjusted Index Rates**	**Age Curve Calibration Factor**	**Area Calibration Factor**	**Tobacco Adjustment**	**Calibrated Plan Adjusted Index Rates**
Blue Value Gold	[redacted]				
Blue HSA Gold					
Blue Cross Select Gold					
Blue Secure Silver					
Blue Value Silver					
Blue Cross Select Silver					
Blue Saver Silver					
Blue Saver Bronze					
Blue HSA Bronze					
Blue Protect					

Section 18: Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is calculated by applying the appropriate area factor, age factor, and tobacco factor to the Calibrated Plan Adjusted Index Rate for a particular plan. The Calibrated Plan Adjusted Index Rates can be found in Section 17.

Below is an example of how to calculate the Consumer Adjusted Premium Rate

- 40 year-old
- Huntsville MSA
- Blue Secure Silver
- Non-smoker

Blue Secure Silver Calibrated Plan Adjusted Index Rate [redacted]
x Huntsville MSA factor
x 40 year-old age factor
x Non-tobacco factor
Consumer Adjusted Premium Rate

Applicable Rating Factors

Area Premium Factors: The rating areas used are the Alabama geographic rating areas listed in the State of Alabama Department of Insurance Bulletin No. 2013-04, attached in the Appendix of this memorandum. Area premium factors are shown in Exhibit 18.1

Exhibit 18.1: Rating Area Premium Factors

MSA	Rating Area	Factor
Anniston-Oxford, AL	Rating Area 1	[redacted]
Auburn-Opelika, AL	Rating Area 2	
Birmingham-Hoover, AL	Rating Area 3	
Columbus, GA-AL	Rating Area 4	
Decatur, AL	Rating Area 5	
Dothan, AL	Rating Area 6	
Florence-Muscle Shoals, AL	Rating Area 7	
Gadsden, AL	Rating Area 8	
Huntsville, AL	Rating Area 9	
Mobile, AL	Rating Area 10	
Montgomery, AL	Rating Area 11	
Tuscaloosa, AL	Rating Area 12	
Non-MSA Area, AL	Rating Area 13	

BCBSAL is using the age rating curve established in the State of Alabama Department of Insurance Bulletin No. 2019-03, which is for the 2020 plan year, under advisement by the Alabama Department of Insurance that a subsequent bulletin will be released in the future with the same age rating curve for the 2021 plan year as Bulletin No. 2019-03. Exhibit 18.2 shows the 2021 age rating factors.

Exhibit 18.2: Age Premium Factors			
Age	**2020**	**Age**	**2020**
0-14	0.635	40	1.278
15	0.635	41	1.302
16	0.635	42	1.325
17	0.635	43	1.357
18	0.635	44	1.397
19	0.635	45	1.444
20	0.635	46	1.500
21	1.000	47	1.563
22	1.000	48	1.635
23	1.000	49	1.706
24	1.000	50	1.786
25	1.004	51	1.865
26	1.024	52	1.952
27	1.048	53	2.040
28	1.087	54	2.135
29	1.119	55	2.230
30	1.135	56	2.333
31	1.159	57	2.437
32	1.183	58	2.548
33	1.198	59	2.603
34	1.214	60	2.714
35	1.222	61	2.810
36	1.230	62	2.873
37	1.238	63	2.952
38	1.246	64 and older	3.000
39	1.262		

Tobacco Use Premium Factor: BCBSAL will apply a rating factor of [redacted] for tobacco users.

As federal law has raised the age at which one can buy tobacco from 18 to 21, members under the age of 21 will all be considered non-tobacco users for rating purposes in 2021.

Family premiums will equal the sum of individual Consumer Adjusted Premium Rates calculated using the appropriate Calibrated Plan Adjusted Index Rates and the rating factors above, with the total premium charged to a family for child dependents under age 21 capped at the sum of the individual Consumer Adjusted Premium Rates for the three oldest child dependents under age 21.

Section 19: Projected Loss Ratio

The projected ACA loss ratio for BCBSAL's 2021 Individual Market excluding grandfathered products is calculated below consistent with the federally prescribed MLR methodology of 45 CFR Part 158, §158.221.

$$\text{MLR} = \frac{i + q - s + (n - r)}{p \quad (t + f)} + c$$

Exhibit 19.1 lists the variables, definitions, the values taken from BCBSAL's projections for its 2021 Individual Market excluding grandfathered products, and the MLR Result.

Exhibit 19.1 reflects the adjustments made for the 2021 unfunded CSR.

Exhibit 19.1: MLR Variables, Definitions, Values, and MLR Result

Variable	Definition	Estimated Value
i	Incurred claims	[redacted]
q	Expenditures on quality improving activities	[redacted]
s	Transitional reinsurance receipts	[redacted]
n	Risk corridor and risk adjustment related payments	[redacted]
r	Risk corridor and risk adjustment related receipts	[redacted]
n - r	Net federal risk adjustment transfers	[redacted]
p	Earned premiums	[redacted]
t	Federal and State taxes and assessments	[redacted]
f	Licensing & regulatory fees, incl. transitional reins. contributions	[redacted]
t + f	Taxes & Fees, incl. transitional reins. contributions	[redacted]
c	Credibility adjustment	[redacted]
	MLR Result[1]	[redacted]

[1]MLR Result = [redacted]

Section 20: AV Metal Values

The distinction of whether the AV Metal Values included in Worksheet 2 of the URRT were entirely based on the AV Calculator, or whether an acceptable alternative methodology was used to generate the AV Metal Value of one or more plans is provided below in Exhibit 20.1.

Exhibit 20.1: Individual Market – AV Metal Values

Plan Name [1, 2]	Metal Level	AV Metal Value	Entirely Based On AV Calculator [3]	AV Calculator Screenshot
Blue HSA Gold	Gold	[redacted]		
Blue Value Gold	Gold			
Blue Cross Select Gold	Gold			
Blue Secure Silver	Silver			
Blue Value Silver	Silver			
Blue Cross Select Silver	Silver			
Blue Saver Silver	Silver			
Blue Saver Bronze	Bronze (Expanded)			
Blue HSA Bronze	Bronze (Expanded)			

[1] Cost sharing reduction plan variations are not included in Exhibit 20.1 as such variations are not separate plans

[2] Catastrophic plan is not included in Exhibit 20.1 as the use of the AV Calculator was not required

[3] Required details of the alternative methodology used are described in BCBSAL's filed document titled, "Blue Cross and Blue Shield of Alabama, 2021 Actuarial Certification of Actuarial Values, Small Group and Individual Markets"

Section 21: Membership Projections

Exhibit 21.1: 2021 Member Month Projections							
			Standard Plans		Variation Plans - FPL		
Plan	Metal	Total	Off Exchange	On Exchange	100-150 of FPL	150-200 of FPL	200-250 of FPL
Blue Value Gold	Gold	[redacted]					
Blue HSA Gold	Gold						
Blue Cross Select Gold	Gold						
Blue Secure Silver	Silver						
Blue Value Silver	Silver						
Blue Cross Select Silver	Silver						
Blue Saver Silver	Silver						
Blue Saver Bronze	Bronze						
Blue HSA Bronze	Bronze						
Blue Protect	Catastrophic						
Total							

Development of Membership Projections

Membership projections (as shown in Exhibit 21.1) were developed using actual enrollment data through May 2020 and modeling monthly enrollment through December 2021, considering new enrollment rates and termination rates.

Membership projections were modeled separately for On Exchange and Off Exchange.

New enrollment rates and termination rates were based on consideration of historical data. [redacted] Any new members were expected to be more likely to enroll through the Exchange due to the availability of premium subsides and cost sharing reductions (CSR). Considerations for termination rates included the availability of subsidies and CSRs on the Exchange as well as the 90-day grace period.

In the modeling, an assumption was made relative to On Exchange CSR-eligible members and On Exchange CSR-ineligible members. [redacted]

[redacted]

Section 22: Terminated Plans and Products

No plans have been terminated prior to January 1, 2021 that have experience included in the Single Risk Pool during the experience period.

Section 23: Plan Type

All health plans fit the definition of Preferred Provider Organization ("PPO").

Healthcare.gov defines PPO as, "A type of health plan where you pay less if you use providers in the plan's network. You can use doctors, hospitals, and providers outside of the network without a referral for an additional cost."

Section 24: Reliance

In the course of premium rate development, the following sources or entities – external to BCBSAL – were referenced or considered in establishing rating assumptions and analysis that support the data in the URRT and resulting final premium rates. All information and analysis considered from the sources or entities were deemed reasonable for their intended purposes.

- Milliman Health Cost Guidelines, Managed Care Rating and Rx Rating Models, health and prescription drug pricing models leased by BCBSAL and adjusted to BCBSAL experience when appropriate.

- Prime Therapeutics, BCBSAL's Pharmacy Benefit Manager (PBM), provided input on drug pricing.

- CMS Risk Adjustment transfer reports for 2014 - 2019 were used to help develop risk adjustment transfer assumptions in the projection period.

- State of Alabama Bulletin No. 2013-04 regarding geographic rating areas.

- Age rating curve established in the State of Alabama Department of Insurance Bulletin No. 2019-03, which is for the 2020 plan year, under advisement by the Alabama Department of Insurance that a subsequent bulletin will be released in the future with the same age rating curve for the 2021 plan year as Bulletin No. 2019-03.

- HHS Notice of Benefit and Payment Parameters for 2021.

- IRS Notice 2020-44 for PCORI Fee.

Section 25: Actuarial Certification

We, Noel Carden and Cameron Daniel, are both members of the American Academy of Actuaries and are qualified to provide this Actuarial Certification. Noel Carden is Vice President and Chief Actuary for Blue Cross and Blue Shield of Alabama and Cameron Daniel is an Actuarial Services Manager for Blue Cross and Blue Shield of Alabama. We certify the following:

(1) The projected Index Rate is
(a) in compliance with all applicable State and Federal Statutes and Regulations 45 CFR §156.80 and §147.102,
(b) developed in compliance with the applicable Actuarial Standards of Practice,
(c) reasonable in relation to the benefits provided and the population anticipated to be covered, and
(d) neither excessive nor deficient,

(2) The Index Rate and only the allowable modifiers as described in 45 CFR §156.80(d)(1) and §156.80(d)(2) were used to generate plan level rates. A plan level adjustment to QHP plans for CSR funding was considered an allowable modifier under §156.80(d)(2)(i),

(3) The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area, and

(4) The Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the Part I Unified Rate Review Template for all plans except those specified in the certification. For plans where an alternate methodology was used to calculate the AV Metal Value, the Actuarial Certification submitted in June 2020 with the corresponding QHP form filing and required by 45 CFR §156.135 provides the necessary documentation and signature.

This memorandum and accompanying articles simultaneously satisfy the filing requirements of the ACA, and the filing requirements of the State of Alabama. Additionally, the premium rates supported by this memorandum assume that the federal government will not fund the CSR program in 2021. If certainty of funding of the CSR program is provided, the premium rates will need an adjustment.

All analyses were either completed by us, or were performed under our direction and review.

Signed,

Noel Carden

Noel Carden, FSA, MAAA
Vice President and Chief Actuary
Blue Cross and Blue Shield of Alabama

Cameron Daniel

Cameron Daniel, FSA, MAAA
Manager Actuarial Services
Blue Cross and Blue Shield of Alabama

Appendix

REVISED 04/17/2020

5 5 4 3 3 2 0 1 9 2 1 6 0 1 1 0 0

SUPPLEMENT FOR THE YEAR 2019 OF THE Blue Cross and Blue Shield of Alabama

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 – Not for Rebate Purposes – See Cautionary Statement at http://www.naic.org/documents/committees_e_app_blanks_related_shce_cautionary_statement.pdf)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570 BUSINESS IN THE STATE OF Alabama DURING THE YEAR 2019 NAIC Company Code 55433

		Business Subject to MLR								9	10	11	12	13	14	15
		Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans								
		1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group	Student Health Plans	Government Business (excluded by statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (13 + 14)
1.	Premium:															
	1.1 Health premiums earned (From Part 2, Line 1.11)	1,352,900,671	1,001,734,888	2,585,720,846	0	0	0	0	0	0	0	382,313,117	780,703,444	6,103,372,966	XXX	6,103,372,966
	1.2 Federal high risk pools													0	XXX	0
	1.3 State high risk pools													0	XXX	0
	1.4 Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3)	1,352,900,671	1,001,734,888	2,585,720,846	0	0	0	0	0	0	0	382,313,117	780,703,444	6,103,372,966	XXX	6,103,372,966
	1.5 Federal taxes and federal assessments	54,268,294	(6,444,359)	(8,630,128)								(2,931,946)	(5,853,107)	30,408,754	(2,313,543)	28,095,211
	1.6 State insurance, premium and other taxes (Similar local taxes of $ .....)	20,668,089	5,006,228	25,553,874								2,713,676	435,472	54,377,339	3,049,786	57,427,125
	1.6a Community Benefit Expenditures (informational only)													0		0
	1.7 Regulatory authority licenses and fees	11,187	7,635	12,322								24,497	7,069	62,710	51,608	114,318
	1.8 Adjusted premiums earned (Lines 1.4 – 1.5 – 1.6 – 1.7)	1,277,953,101	1,003,165,384	2,568,784,778	0	0	0	0	0	0	0	382,506,890	786,114,010	6,018,524,163	XXX	6,017,736,312
	1.9 Net assumed less ceded reinsurance premiums earned	(534,094)	(600,146)	(1,115,271)	0	0	0	0	0	0	0	(7,779,307)	0	(10,028,818)	XXX	(10,028,818)
	1.10 Other adjustments due to MLR calculations – Premiums	(1,927,122)	(4,737,866)	4,730,890								4,753,317	1,702,355	4,521,574	XXX	4,521,574
	1.11 Risk revenue													0	XXX	0
	1.12 Net adjusted premiums earned after reinsurance (Lines 1.8 + 1.9 + 1.10 + 1.11)	1,275,491,885	997,827,372	2,572,400,397	0	0	0	0	0	0	0	379,480,900	787,816,365	6,013,016,919	XXX	6,012,229,068
2.	Claims:															
	2.1 Incurred claims excluding prescription drugs	774,311,116	682,014,472	1,785,265,668								341,312,749	626,132,944	4,209,036,949	XXX	4,209,036,949
	2.2 Prescription drugs	384,858,062	299,439,309	728,430,751								1,863,568	142,479,966	1,557,071,656	XXX	1,557,071,656
	2.3 Pharmaceutical rebates	70,324,591	68,976,514	94,832,207								1,557,338	55,053,152	290,743,802	XXX	290,743,802
	2.4 State stop loss, market stabilization and claim/census based assessments (informational only)													0	XXX	0
3.	Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	1,792,872	1,792,872	XXX	1,792,872
4.	Deductible Fraud and Abuse Detection/Recovery Expenses (for MLR use only)	129,131	127,274	265,741								61,916	330,022	914,084	1,525,433	2,439,517
5.	5.0 Total incurred claims (Lines 2.1 + 2.2 – 2.3 + 3) (From Part 2, Line 2.15)	1,088,844,588	912,477,267	2,418,864,212	0	0	0	0	0	0	0	341,618,979	715,352,630	5,477,157,676	XXX	5,477,157,676
	5.1 Net assumed less ceded reinsurance claims incurred	(147,771)	0	409,239	0	0	0	0	0	0	0	(11,412,194)	0	(11,150,726)	XXX	(11,150,726)
	5.2 Other adjustments due to MLR calculations – Claims	80,109	(637,155)	16,330,139								(4,262,902)	1,702,355	13,212,546	XXX	13,212,546
	5.3 Rebates paid										XXX	XXX		0	XXX	0
	5.4 Estimated rebates unpaid prior year	0	0	0	0	0	0	0	0	0	XXX	XXX	0	0	XXX	0
	5.5 Estimated rebates unpaid current year										XXX	XXX		0	XXX	0
	5.6 Fee for service and co-pay revenue													0	XXX	0
	5.7 Net incurred claims after reinsurance (Lines 5.0 + 5.1 + 5.2 + 5.3 - 5.4 + 5.5 - 5.6)	1,088,776,926	911,840,112	2,435,603,590	0	0	0	0	0	0	0	325,943,883	717,054,985	5,479,219,496	XXX	5,479,219,496
6.	Improving Health Care Quality Expenses Incurred:															
	6.1 Improve Health Outcomes	0	0	0	0	0	0	0	0	0				0		0
	6.2 Activities to prevent hospital readmissions	0	0	0	0	0	0	0	0	0				0		0
	6.3 Improve patient safety and reduce medical errors	0	0	0	0	0	0	0	0	0				0		0
	6.4 Wellness and health promotion activities	0	0	0	0	0	0	0	0	0				0		0
	6.5 Health Information Technology expenses related to health improvement	0	0	0	0	0	0	0	0	0				0		0
	6.6 Total of Defined Expenses Incurred for Improving Health Care Quality (Lines 6.1 + 6.2 +6.3 + 6.4 + 6.5)	10,823,205	8,013,879	20,685,767	0	0	0	0	0	0	0	3,058,505	6,245,628	48,826,984	55,193,736	104,020,720
7.	Preliminary Medical Loss Ratio: MLR (Lines 4 + 5.0 + 6.6 – Footnote 2.0) / Line 1.8	0.861	0.918	0.950	0.000	0.000	0.000	0.000	0.000	0.000	XXX	XXX	0.918	XXX	XXX	XXX
8.	Claims Adjustment Expenses:															
	8.1 Cost containment expenses not included in quality of care expenses in Line 6.6	9,262,497	15,776,620	37,765,201								4,459,377	13,926,649	81,190,344	94,528,153	175,718,497
	8.2 All other claims adjustment expenses	6,917,953	7,652,264	18,188,323								11,920,420	15,581,723	60,260,683	90,190,784	150,451,467
	8.3 Total claims adjustment expenses (Lines 8.1 + 8.2)	16,180,450	23,428,884	55,953,524	0	0	0	0	0	0	0	16,379,797	29,508,372	141,451,027	184,718,937	326,169,964
9.	Claims Adjustment Expense Ratio (Line 8.3 / Line 1.8)	0.013	0.023	0.022	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.043	0.038	XXX	XXX	XXX

216-1.AL

SUPPLEMENT FOR THE YEAR 2019 OF THE Blue Cross and Blue Shield of Alabama

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 – Not for Rebate Purposes– See Cautionary Statement at http://www.naic.org/documents/committees_e_app_blanks_related_shce_cautionary_statement.pdf)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570 BUSINESS IN THE STATE OF Alabama DURING THE YEAR 2019 NAIC Company Code 55433

		Business Subject to MLR								9	10	11	12	13	14	15
		Comprehensive Health Coverage			Mini-med Plans			Expatriate Plans								
		1	2	3	4	5	6	7	8							
		Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group	Student Health Plans	Government Business (excluded by statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (13 + 14)
10.	General and Administrative (G&A) Expenses:															
	10.1 Direct sales salaries and benefits	1,470,161	2,455,942	6,110,457								2,734,767	1,406,904	14,178,231	10,800,294	24,978,525
	10.2 Agents and brokers fees and commissions	814,856										2,141,948	2,626,518	5,583,322		5,583,322
	10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below)													0		0
	10.4 Other general and administrative expenses	38,796,631	34,730,743	71,320,777								35,326,836	34,709,024	214,884,011	219,168,938	434,052,949
	10.4a Community Benefit Expenditures (informational only)													0		0
	10.5 Total general and administrative (Lines 10.1 + 10.2 + 10.3 + 10.4)	41,081,648	37,186,685	77,431,234	0	0	0	0	0	0	0	40,203,551	38,742,446	234,645,564	229,969,232	464,614,796
11.	Underwriting Gain/(Loss) (Lines 1.12 – 5.7 – 6.6 – 8.3 – 10.5)	118 629 656	17 357 812	(17 273 718)	0	0	0	0	0	0	0	(6 104 836)	(3 735 066)	108 873 848	XXX	(361 795 908)
12.	Income from Fees of Uninsured Plans	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	399,428,551	399,428,551
13.	Net Investment and Other Gain/(Loss)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	113,710,869	XXX	113,710,869
14.	Federal Income Taxes (excluding taxes on Line 1.5 above)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(215,603,001)	XXX	(215,603,001)
15.	Net Gain or (Loss) (Lines 11 + 12 + 13 – 14)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	438,187,718	XXX	366,946,513
16.	ICD-10 Implementation Expenses (informational only; already included in general expenses and Line 10.4)													0		0
	16a ICD-10 Implementation Expenses (informational only: already included in Line 10.4)													0		0
	OTHER INDICATORS:															
1.	Number of Certificates/Policies	119 824	109 027	278 389								407 396	113 554	1 028 190	881 045	1 909 235
2.	Number of Covered Lives	168 113	198 901	529 205								626 494	113 554	1 636 267	1 686 578	3 322 845
3.	Number of Groups	XXX	17,252	2,047	XXX									19,299	445	19,744
4.	Member Months	2,171,874	2,433,354	6,195,467								7,557,069	1,336,417	19,694,181	20,343,275	40,037,456

Is run-off business reported in Columns 1 through 9 or 12? Yes [ ] No [X] If yes, show the amount of premiums and claims included: Premiums $ _____ Claims $ _____

216-1.AL

AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES AND PAYABLES

		Current Year		Prior Year	
		Comprehensive Health Coverage		Comprehensive Health Coverage	
		1	2	3	4
		Individual Plans	Small Group Employer Plans	Individual Plans	Small Group Employer Plans
ACA Receivables and Payables					
1.	Permanent ACA Risk Adjustment Program 1.0 Premium adjustments receivable/(payable)	710,000	2,040,000	1,200,000	1,700,000
2.	Transitional ACA Reinsurance Program 2.0 Total amounts recoverable for claims (paid & unpaid)	0	XXX	273,166	XXX
3.	Temporary ACA Risk Corridors Program 3.1 Accrued retrospective premium	0	0	0	0
	3.2 Reserve for rate credits or policy experience refunds	0	0	0	0
ACA Receipts and Payments					
4.	Permanent ACA Risk Adjustment Program 4.0 Premium adjustments receipts/(payments)	2,943,262	(294,541)	(171,794)	1,662,986
5.	Transitional ACA Reinsurance Program 5.0 Amounts received for claims	416 936	XXX	7 879 997	XXX
6.	Temporary ACA Risk Corridors Program 6.1 Retrospective premium received	0	0	3,101	0
	6.2 Rate credits or policy experience refunds paid	0	0	0	0

SUPPLEMENT FOR THE YEAR 2019 OF THE Blue Cross and Blue Shield of Alabama

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2

(To Be Filed by April 1 – Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570 BUSINESS IN THE STATE OF Alabama DURING THE YEAR 2019 NAIC Company Code 55433

		Business Subject to MLR								9	10	11	12	13
		Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans						
		1 Individual	2 Small Group Employer	3 Large Group Employer	4 Individual	5 Small Group Employer	6 Large Group Employer	7 Small Group	8 Large Group	Student Health Plans	Government Business (excluded by statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Total (a)
1.	Health Premiums Earned:													
	1.1 Direct premiums written	1,352,809,339	1,007,714,351	2,590,224,850								382,683,523	780,688,695	6,114,120,758
	1.2 Unearned premium prior year	(613,365)	1,199,529	(159,878)	0	0	0	0	0	0	0	220,374	(32,851)	613,809
	1.3 Unearned premium current year	(704,697)	7,178,992	4,344,126								590,780	(47,600)	11,361,601
	1.4 Change in unearned premium (Lines 1.2 – 1.3)	91,332	(5,979,463)	(4,504,004)	0	0	0	0	0	0	0	(370,406)	14,749	(10,747,792)
	1.5 Paid rate credits													0
	1.6 Reserve for rate credits current year			26,834,077								2,116,560		28,950,637
	1.7 Reserve for rate credits prior year	0	0	36,813,690	0	0	0	0	0	0	0	2,310,272	0	39,123,962
	1.8 Change in reserve for rate credits (Lines 1.6 – 1.7)	0	0	(9,979,613)	0	0	0	0	0	0	0	(193,712)	0	(10,173,325)
	1.9 Premium balances written off													0
	1.10 Group conversion charges													0
	1.11 Total direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)	1,352,900,671	1,001,734,888	2,585,720,846	0	0	0	0	0	0	0	382,313,117	780,703,444	6,103,372,966
	1.12 Assumed premiums earned from non-affiliates													0
	1.13 Net assumed less ceded premiums earned from affiliates											(7,779,307)		(7,779,307)
	1.14 Ceded premiums earned to non-affiliates	534,094	600,146	1,115,271										2,249,511
	1.15 Other adjustments due to MLR calculation – Premiums	(1,927,122)	(4,737,866)	4,730,890								4,753,317	1,702,355	4,521,574
	1.16 Net premiums earned (Lines 1.11 - 1.5 - 1 8 + 1.12 + 1.13 - 1.14 + 1.15)	1,350,439,455	996,396,876	2,599,316,078	0	0	0	0	0	0	0	379,480,839	782,405,799	6,108,039,047
2.	Direct Claims Incurred:													
	2.1 Paid claims during the year	1,090,951,991	913,385,019	2,420,711,764								327,928,726	722,001,628	5,474,979,128
	2.2 Direct claim liability current year	73,982,144	70,148,120	247,205,781								30,938,647	65,417,501	487,692,193
	2.3 Direct claim liability prior year	77,393,187	69,843,737	223,890,940	0	0	0	0	0	0	0	30,763,796	55,867,988	457,759,648
	2.4 Direct claim reserves current year											6,769,459		6,769,459
	2.5 Direct claim reserves prior year	0	0	0	0	0	0	0	0	0	0	6,727,518	0	6,727,518
	2.6 Direct contract reserves current year			256,773,559								219,942,197	(57,096)	476,658,660
	2.7 Direct contract reserves prior year	0	0	274,351,932	0	0	0	0	0	0	0	206,415,047	1,645,259	482,412,238
	2.8 Paid rate credits													0
	2.9 Reserve for rate credits current year			26,834,077								2,116,560		28,950,637
	2.10 Reserve for rate credits prior year	0	0	36,813,690	0	0	0	0	0	0	0	2,310,272	0	39,123,962
	2.11 Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b – 2.11c)	0	0	0	0	0	0	0	0	0	0	0	1,792,872	1,792,872
	2.11a Paid medical incentive pools and bonuses current year												1,792,872	1,792,872
	2.11b Accrued medical incentive pools and bonuses current year													0
	2.11c Accrued medical incentive pools and bonuses prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
	2.12 Net healthcare receivables (Lines 2.12a – 2.12b)	(1,303,640)	1,212,135	(2,395,593)	0	0	0	0	0	0	0	(140,023)	16,289,028	13,661,907
	2.12a Healthcare receivables current year	34,620,957	28,607,660	42,018,887								495,192	50,077,695	155,820,391
	2.12b Healthcare receivables prior year	35,924,597	27,395,525	44,414,480	0	0	0	0	0	0	0	635,215	33,788,667	142,158,484
	2.13 Group conversion charge													0
	2.14 Multi-option coverage blended rate adjustment													0
	2.15 Total incurred claims (Lines 2.1 + 2 2 – 2 3 + 2.4 – 2.5 + 2.6 – 2.7 + 2.8 + 2 9 - 2.10 + 2.11 - 2.12 + 2.13 + 2.14)	1,088,844,588	912,477,267	2,418,864,212	0	0	0	0	0	0	0	341,618,979	715,352,630	5,477,157,676
	2.16 Assumed incurred claims from non-affiliates													0
	2.17 Net assumed less ceded incurred claims from affiliates											(11,412,194)		(11,412,194)
	2.18 Ceded incurred claims to non-affiliates	147,771		(409,239)										(261,468)
	2.19 Other adjustments due to MLR calculation – Claims	80,109	(637,155)	16,330,139								(4,262,902)	1,702,355	13,212,546
	2.20 Net Incurred Claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)	1,088,776,926	911,840,112	2,445,583,203	0	0	0	0	0	0	0	326,137,595	717,054,985	5,489,392,821
3.	Fraud and Abuse Recoveries that Reduced PAID Claims in Line 2.1 above informational only)	948,812	1,396,783	1,355,426								61,916	330,022	4,092,959

(a) Column 13, Line 1.1 includes direct written premium of $ 147,155,259 for stand-alone dental and $ _____ for stand-alone vision policies.

216-2.AL

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 – Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570 BUSINESS IN THE STATE OF Alabama DURING THE YEAR 2019 NAIC Company Code 55433

	All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses			
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claims Adjustment Expenses	9 General Administrative Expenses	10 Total Expenses (6 to 9)
1.	Individual Comprehensive Coverage Expenses:										
	1.1 Salaries (including $ for affiliated services)						0	4,585,435	5,893,094	24,164,241	34,642,770
	1.2 Outsourced services						0	448,736	255,660		704,396
	1.3 EDP equipment and software (incl $ for affiliated services)						0	28,651	39,126	529,556	597,333
	1.4 Other equipment (excl. EDP) (incl $ for affiliated services)						0	26,872	5,600	1,521,253	1,553,725
	1.5 Accreditation and certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX	0				0
	1.6 Other expenses (incl $ for affiliated services)						0	4,172,803	724,474	14,866,598	19,763,875
	1.7 Subtotal before reimbursements and taxes (1.1 to 1.6)	0	0	0	0	0	0	9,262,497	6,917,954	41,081,648	57,262,099
	1.8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	1.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	1.10 Total (1.7 to 1.9)	0	0	0	0	0	0	9,262,497	6,917,954	41,081,648	57,262,099
	1.11 Total Fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0	129,131			129,131
2.	Small Group Comprehensive Coverage Expenses:										
	2.1 Salaries (including $ for affiliated services)						0	4,225,290	6,123,892	21,452,879	31,802,061
	2.2 Outsourced Services						0	539,829	229,241		769,070
	2.3 EDP equipment and software (incl $ for affiliated services)						0	26,086	37,674	642,076	705,836
	2.4 Other equipment (excl. EDP) (incl $ for affiliated services)						0	22,558	19,191	1,511,784	1,553,533
	2.5 Accreditation and certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX	0				0
	2.6 Other expenses (incl $ for affiliated services)						0	10,962,857	1,242,266	13,579,945	25,785,068
	2.7 Subtotal before reimbursements and taxes (2.1 to 2.6)	0	0	0	0	0	0	15,776,620	7,652,264	37,186,684	60,615,568
	2.8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	2.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	2.10 Total (2.7 to 2.9)	0	0	0	0	0	0	15,776,620	7,652,264	37,186,684	60,615,568
	2.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0	127,274			127,274
3.	Large Group Comprehensive Coverage Expenses:										
	3.1 Salaries (including $ for affiliated services)						0	8,718,057	15,054,141	47,315,361	71,087,559
	3.2 Outsourced services						0	965,473	694,053		1,659,526
	3.3 EDP equipment and software (incl $ for affiliated services)						0	68,416	68,207	1,290,485	1,427,108
	3.4 Other equipment (excl. EDP) (incl $ for affiliated services)						0	45,763	50,918	3,261,820	3,358,501
	3.5 Accreditation and certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX	0				0
	3.6 Other expenses (incl $ for affiliated services)						0	27,967,492	2,321,005	25,563,569	55,852,066
	3.7 Subtotal before reimbursements and taxes (3.1 to 3.6)	0	0	0	0	0	0	37,765,201	18,188,324	77,431,235	133,384,760
	3.8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	3.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	3.10 Total (3.7 to 3.9)	0	0	0	0	0	0	37,765,201	18,188,324	77,431,235	133,384,760
	3.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0	265,741			265,741

216-3.AL

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3 (Continued)

(To Be Filed by April 1 – Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570 BUSINESS IN THE STATE OF Alabama DURING THE YEAR 2019 NAIC Company Code 55433

	All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claims Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
4.	Individual Mini-Med Plans Expenses										
	4.1 Salaries (including $ for affiliated services)						0				0
	4 2 Outsourced services						0				0
	4 3 EDP equipment and software (incl $ for affiliated services)						0				0
	4.4 Other equipment (excl. EDP) (incl $ for affiliated services)						0				0
	4 5 Accreditation and certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX	0				0
	4 6 Other expenses (incl $ for affiliated services)						0				0
	4.7 Subtotal before reimbursements and taxes (4.1 to 4.6)	0	0	0	0	0	0	0	0	0	0
	4 8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	4 9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	4.10 Total (4.7 to 4.9)	0	0	0	0	0	0	0	0	0	0
	4.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0				0
5.	Small Group Mini-Med Plans Expenses										
	5.1 Salaries (including $ for affiliated services)						0				0
	5 2 Outsourced services						0				0
	5 3 EDP equipment and software (incl $ for affiliated services)						0				0
	5.4 Other equipment (excl. EDP) (incl $ for affiliated services)						0				0
	5 5 Accreditation and certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX	0				0
	5 6 Other expenses (incl $ for affiliated services)						0				0
	5.7 Subtotal before reimbursements and taxes (5.1 to 5.6)	0	0	0	0	0	0	0	0	0	0
	5 8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	5 9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	5.10 Total (5.7 to 5.9)	0	0	0	0	0	0	0	0	0	0
	5.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0				0
6.	Large Group Mini-Med Plans Expenses										
	6.1 Salaries (including $ for affiliated services)						0				0
	6 2 Outsourced services						0				0
	6 3 EDP equipment and software (incl $ for affiliated services)						0				0
	6.4 Other equipment (excl. EDP) (incl $ for affiliated services)						0				0
	6 5 Accreditation and certification (incl $ for affiliated services)		XXX	XXX	XXX	XXX	0				0
	6 6 Other expenses (incl $ for affiliated services)						0				0
	6.7 Subtotal before reimbursements and taxes (6.1 to 6.6)	0	0	0	0	0	0	0	0	0	0
	6 8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	6 9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	6.10 Total (6.7 to 6.9)	0	0	0	0	0	0	0	0	0	0
	6.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0				0

SUPPLEMENT FOR THE YEAR 2019 OF THE Blue Cross and Blue Shield of Alabama

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 3

(To Be Filed by April 1 – Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570 BUSINESS IN THE STATE OF Alabama DURING THE YEAR 2019 NAIC Company Code 55433

	All Expenses	Improving Health Care Quality Expenses						Claims Adjustment Expenses		9	10
		1 Improve Health Outcomes	2 Activities to Prevent Hospital Readmissions	3 Improve Patient Safety and Reduce Medical Errors	4 Wellness & Health Promotion Activities	5 HIT Expenses	6 Total (1 to 5)	7 Cost Containment Expenses	8 Other Claims Adjustment Expenses	General Administrative Expenses	Total Expenses (6 to 9)
7.	Small Group Expatriate Plans Expenses										
	7.1 Salaries (including $ ..... for affiliated services)						0				0
	7.2 Outsourced services						0				0
	7.3 EDP equipment and software (incl $ ..... for affiliated services)						0				0
	7.4 Other equipment (excl. EDP) (incl $ ..... for affiliated services)						0				0
	7.5 Accreditation and certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX	0				0
	7.6 Other expenses (incl $ ..... for affiliated services)						0				0
	7.7 Subtotal before reimbursements and taxes (7.1 to 7.6)	0	0	0	0	0	0	0	0	0	0
	7.8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	7.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	7.10 Total (7.7 to 7 9)	0	0	0	0	0	0	0	0	0	0
	7.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0				0
8.	Large Group Expatriate Plans Expenses										
	8.1 Salaries (including $ ..... for affiliated services)						0				0
	8.2 Outsourced services						0				0
	8.3 EDP equipment and software (incl $ ..... for affiliated services)						0				0
	8.4 Other equipment (excl. EDP) (incl $ ..... for affiliated services)						0				0
	8.5 Accreditation and certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX	0				0
	8.6 Other expenses (incl $ ..... for affiliated services)						0				0
	8.7 Subtotal before reimbursements and taxes (8.1 to 8.6)	0	0	0	0	0	0	0	0	0	0
	8.8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	8.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	8.10 Total (8.7 to 8 9)	0	0	0	0	0	0	0	0	0	0
	8.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0				0
9.	Student Health Plans Expenses										
	9.1 Salaries (including $ ..... for affiliated services)						0				0
	9.2 Outsourced services						0				0
	9.3 EDP equipment and software (incl $ ..... for affiliated services)						0				0
	9.4 Other equipment (excl. EDP) (incl $ ..... for affiliated services)						0				0
	9.5 Accreditation and certification (incl $ ..... for affiliated services)		XXX	XXX	XXX	XXX	0				0
	9.6 Other expenses (incl $ ..... for affiliated services)						0				0
	9.7 Subtotal before reimbursements and taxes (9.1 to 9.6)	0	0	0	0	0	0	0	0	0	0
	9.8 Reimbursements by uninsured plans and fiscal intermediaries						0				0
	9.9 Taxes, licenses and fees (in total, for tying purposes)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		0
	9.10 Total (9.7 to 9 9)	0	0	0	0	0	0	0	0	0	0
	9.11 Total fraud and abuse detection/recovery expenses included in Column 7 (informational only)						0				0

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BULLETIN NO. 2013-04

TO: **Insurers writing health insurance in Alabama**

FROM: **Jim L. Ridling** JLR
Commissioner of Insurance

DATE: **April 2, 2013**

RE: **Federal premium rate reforms – rating areas**

EFFECTIVE: **January 1, 2014**

Federal premium rate reform requirements regarding age, tobacco use, and geographic rating areas in the individual and small group markets apply in policy or plan years beginning on or after January 1, 2014. 45 C.F.R. § 147.102 (published February 27, 2013).

Health insurance issuers offering individual and small group coverage in Alabama are advised that the rating area "default" referenced in 45 C.F.R. § 147.102(b)(2) applies in Alabama. There will be 13 rating areas in Alabama consisting of the state's 12 metropolitan statistical areas and one rating area comprising all non-metropolitan statistical areas. The appendix lists the rating areas by number and county name.

JLR/JFM/bc

Attachment

Appendix A

Alabama Geographic Rating Areas (Small and Individual Markets)

Rating Area ID (for federal systems)	County Name	3 Digit Zip Code (if applicable)
Rating Area 1	Calhoun	
Rating Area 2	Lee	
Rating Area 3	Bibb	
Rating Area 3	Blount	
Rating Area 3	Chilton	
Rating Area 3	Jefferson	
Rating Area 3	St. Clair	
Rating Area 3	Shelby	
Rating Area 3	Walker	
Rating Area 4	Russell	
Rating Area 5	Lawrence	
Rating Area 5	Morgan	
Rating Area 6	Geneva	
Rating Area 6	Henry	
Rating Area 6	Houston	
Rating Area 7	Colbert	
Rating Area 7	Lauderdale	
Rating Area 8	Etowah	
Rating Area 9	Limestone	
Rating Area 9	Madison	
Rating Area 10	Mobile	
Rating Area 11	Autauga	
Rating Area 11	Elmore	
Rating Area 11	Lowndes	
Rating Area 11	Montgomery	
Rating Area 12	Greene	
Rating Area 12	Hale	
Rating Area 12	Tuscaloosa	
Rating Area 13	Baldwin	
Rating Area 13	Barbour	
Rating Area 13	Bullock	
Rating Area 13	Butler	
Rating Area 13	Chambers	
Rating Area 13	Cherokee	
Rating Area 13	Choctaw	
Rating Area 13	Clarke	
Rating Area 13	Clay	
Rating Area 13	Cleburne	
Rating Area 13	Coffee	

Rating Area 13	Conecuh	
Rating Area 13	Coosa	
Rating Area 13	Covington	
Rating Area 13	Crenshaw	
Rating Area 13	Cullman	
Rating Area 13	Dale	
Rating Area 13	Dallas	
Rating Area 13	DeKalb	
Rating Area 13	Escambia	
Rating Area 13	Fayette	
Rating Area 13	Franklin	
Rating Area 13	Jackson	
Rating Area 13	Lamar	
Rating Area 13	Macon	
Rating Area 13	Marion	
Rating Area 13	Morengo	
Rating Area 13	Marshall	
Rating Area 13	Monroe	
Rating Area 13	Perry	
Rating Area 13	Pickens	
Rating Area 13	Pike	
Rating Area 13	Randolph	
Rating Area 13	Sumter	
Rating Area 13	Talladega	
Rating Area 13	Tallapoosa	
Rating Area 13	Washington	
Rating Area 13	Wilcox	
Rating Area 13	Winston	

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BULLETIN NO. 2019-03

TO: All Insurers Writing Health Insurance in Alabama

FROM: Jim L. Ridling
Commissioner of Insurance

DATE: May 13, 2019

RE: Age Curve for the Individual and Small Group Health Insurance Market

EFFECTIVE: Immediate

In the Annual Notice of Benefit and Payment Parameters for 2018 and 45 CFR 147.102(d), the U.S. Department of Health and Human Services defined uniform age bands for rating purposes under section 2701 of the Public Health Service Act. The notice and regulation also allowed States to establish a uniform age rating curve for the individual market, small group market or both markets. The selected age rating curve would specify the relative distribution of rates across all age bands.

For the 2020 plan year, Alabama establishes the following for age rating purposes:

- Individual Market shall use Table 1 attached to this Bulletin.
- Small Group Market shall use Table 2 attached to this Bulletin.

For questions, please contact Steve Ostlund, Life and Health Actuary, at steven.ostlund@insurance.alabama.gov or (334) 240-4424.

JLR/WR/bc

Attachment

Table 1

2020 Age Curve for Individual Market			
Age	**Ratio**	**Age**	**Ratio**
0	0.635	33	1.198
1	0.635	34	1.214
2	0.635	35	1.222
3	0.635	36	1.230
4	0.635	37	1.238
5	0.635	38	1.246
6	0.635	39	1.262
7	0.635	40	1.278
8	0.635	41	1.302
9	0.635	42	1.325
10	0.635	43	1.357
11	0.635	44	1.397
12	0.635	45	1.444
13	0.635	46	1.500
14	0.635	47	1.563
15	0.635	48	1.635
16	0.635	49	1.706
17	0.635	50	1.786
18	0.635	51	1.865
19	0.635	52	1.952
20	0.635	53	2.040
21	1.000	54	2.135
22	1.000	55	2.230
23	1.000	56	2.333
24	1.000	57	2.437
25	1.004	58	2.548
26	1.024	59	2.603
27	1.048	60	2.714
28	1.087	61	2.810
29	1.119	62	2.873
30	1.135	63	2.952
31	1.159	64 and Older	3.000
32	1.183		

Table 2

2020 Age Curve for Small Group Market			
Age	**Ratio**	**Age**	**Ratio**
0	0.765	33	1.198
1	0.765	34	1.214
2	0.765	35	1.222
3	0.765	36	1.230
4	0.765	37	1.238
5	0.765	38	1.246
6	0.765	39	1.262
7	0.765	40	1.278
8	0.765	41	1.302
9	0.765	42	1.325
10	0.765	43	1.357
11	0.765	44	1.397
12	0.765	45	1.444
13	0.765	46	1.500
14	0.765	47	1.563
15	0.833	48	1.635
16	0.859	49	1.706
17	0.885	50	1.786
18	0.913	51	1.865
19	0.941	52	1.952
20	0.970	53	2.040
21	1.000	54	2.135
22	1.000	55	2.230
23	1.000	56	2.333
24	1.000	57	2.437
25	1.004	58	2.548
26	1.024	59	2.603
27	1.048	60	2.714
28	1.087	61	2.810
29	1.119	62	2.873
30	1.135	63	2.952
31	1.159	64 and Older	3.000
32	1.183		