



**Bright Health**

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# **Actuarial Memorandum**

**Bright Health Insurance Company of Alabama, Inc.**

Issuer ID #73301

Alabama Individual Health Insurance 2021 Premium Rate Filing

August 20, 2020

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## 1. EXECUTIVE SUMMARY

This actuarial memorandum and the accompanying appendices represent documentation to support the filing of premium rates for Bright Health Insurance Company of Alabama, Inc. (BHICAL)'s individual products, effective January 1, 2021. The format of this memorandum follows the Federal URR instructions.

BHICAL entered the Alabama individual market January 1, 2018; therefore, this filing presents premium rates for renewing products. The BHICAL products include Gold, Silver, Bronze (including a Bronze HSA-qualified plan), and Catastrophic plans. In total, BHICAL is filing 8 plans (none of which are new for 2021), plus CSR plans for each silver plan offered On-Exchange. All plans will be offered in Rating Area 3; BHICAL does not offer plans in any other rating areas. All plans, except for Gold which will only be offered On-Exchange, will be offered both On and Off-Exchange, as shown in Table 1 below. Plan designs include 2021 state mandated benefits, and only EHBs will be offered. Pediatric dental will be included in all plans. All plans are EPO network plans, with emergency services and associated inpatient stays as well as trauma services to be covered when incurred out-of-network.

**Table 1: 2021 Proposed Plans**

HIOS ID	Plan Name	Exchange	Service Area
73301AL0020001	Gold 1800	On	Rating Area 3
73301AL0020003	Bronze 8150	On and Off	Rating Area 3
73301AL0020004	Catastrophic 3 \$0 PCP Visits	On and Off	Rating Area 3
73301AL0020006	Bronze 7000 HSA	On and Off	Rating Area 3
73301AL0020009	Silver 3500 + Specialist Copay	On and Off	Rating Area 3
73301AL0020010	Bronze 6150	On and Off	Rating Area 3
73301AL0020011	Silver 4200	On and Off	Rating Area 3
73301AL0020012	Silver 3500	On and Off	Rating Area 3

BHICAL products will be sold through an agency/broker model, through the internet, in direct response to incoming inquiries, and through the Alabama Exchange. Products are guaranteed issue, guaranteed renewable, and issued on an issue age basis.

[REDACTED]

## 2. GENERAL INFORMATION

### Company Identifying Information

Company Legal Name: Bright Health Insurance Company of Alabama, Inc.

State: AL

HIOS Issuer ID: 73301

Market: Individual

Effective Date of Rate Change: January 1, 2021

### Company Contact and Responsible Actuary Information

Responsible Actuary Name: Tim van Laarhoven and Keith Epperson

Company: Bright Health Management, Inc.

Email Address: Tvanlaarhoven@BrightHealthPlan.com and Kepperson@BrightHealthPlan.com

### SERFF Rate Review Detail

Projected Earned Premium: \$5,223,498.

Projected Incurred Claims, Including Risk Adjustment: \$3,986,988.

Proposed Rate Premium PMPM: Min: \$191.14. Max: \$2,098.55. Weighted Average: \$721.38.

Please note that the premium PMPMs are indicative of age-specific rates and include a blend of tobacco-rate and non-tobacco rate plans.

### Other General Information

Type of Filing: Renewing

Type of Plan: EPO; On and Off-Exchange; Renewing Business

Months of Rate Guarantee: These rates will be guaranteed until December 31, 2021.

### **3. PROPOSED RATE CHANGE(S)**

The purpose of this filing is to provide premium rates for BHICAL's individual plans within the Alabama market for individual and family enrollees, with an effective date of January 1, 2021 through December 31, 2021.

This filing reflects the renewal of BHICAL's existing 8 plans. All plans are offered on the Alabama Exchange. All plans discussed in this filing are compliant with the Affordable Care Act ("ACA").

#### **Reason for Rate Increase(s)**

The BHICAL premiums rates are being adjusted for reasons outlined in the detailed sections below. The items that contributed most to BHICAL's rate change are:

- a. Updated experience base, including a move to full reliance on BHICAL experience; and
- b. Medical and pharmacy unit cost and utilization trend; and
- c. Impacts due to COVID-19; and
- d. Updates to contract reimbursements; and
- e. Increased utilization at facilities with higher reimbursement rates; and
- f. Adjustments to benefit factors.

Our relative rate changes between metal levels was primarily due to:

- a. Updating Pricing AV methodology and base experience; and
- b. Revisions to Induced Utilization; and
- c. Revisions to Administrative Costs.

## 4. MARKET EXPERIENCE

### EXPERIENCE PERIOD PREMIUMS AND CLAIMS

BHICAL began offering products effective January 1, 2018; the 2021 rate development is based on two years of experience, which when combined is considered fully credible<sup>1</sup>. For purposes of rate development, we consider the BHICAL experience from 2019 to be the “Experience Rate” and the BHICAL experience from 2018 to be the “Manual Rate.”

The experience period claims portion of the index rate is estimated to be [REDACTED] PMPM. The index rate of the experience period in Section 1, Worksheet 1 of the URRT represents the total combined 2019 allowed claims experience PMPM attributable to essential health benefits for the single risk pool.

### BENEFIT CATEGORIES

Benefit categories were determined based on the preferred definitions, as follows:

- Inpatient Hospital: Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.
- Outpatient Hospital: Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.
- Professional: Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.
- Other Medical: Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services and other services.
- Capitation: Includes all services provided under one or more capitated arrangements.
- Prescription Drug: Includes drugs dispensed by a pharmacy. This amount should be net of rebates received from drug manufacturers.

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<sup>1</sup> The Actuaries have considered Actuarial Standard of Practice #25 when making this determination.

Table 3 shows the measurement units used for each benefit category:

**Table 3: Measurement Units by Category of Service**

Benefit Category	Measurement Unit
Inpatient Hospital	Admits
Outpatient Hospital	Visits
Professional	Visits
Other Medical	Services
Capitation	Other
Prescription Drug	Prescriptions

## PROJECTION FACTORS

The Projection Factors described below are included in Section II, Worksheet 1 of the URRT. Unless noted to the contrary, derivation of these factors is discussed below in the “Establishing the Index Rate” section.

### TREND FACTORS

**Trend Factors (cost and utilization):** The projection factors are based on annual trend estimates, for medical and pharmacy, as explained in detail below.

### ADJUSTMENTS TO TRENDED EHB ALLOWED CLAIMS PMPM

The following adjustments were used to develop the projected Index Rate:

**Changes in the Morbidity of the Population Insured:** The impact for changes in the morbidity of the population insured is estimated to be [REDACTED].

**Demographic Shift:** The impact of shifts in demographics (age, metal level, tobacco, and geographic region) is estimated to be [REDACTED].

**Plan Design Changes:** The impact for changes in benefits is estimated to be [REDACTED].

**Other:** The other projection factor, equal to [REDACTED], includes all other adjustments, including provider contracting changes. This value was the residual adjustment left to move the experience period data to the projection period.

## MANUAL RATE ADJUSTMENTS

BHICAL's 2019 experience is not considered fully credible, so it was blended with 2018 experience.

### Source and Appropriateness of Experience Data Used

URR Instructions specifically identified multiple years of experience for the market for which rates being submitted to considered reasonable for developing manual rates.

### Adjustments Made to the Data

Similar adjustments were applied BHICAL's 2018 experience as were applied to BHICAL's 2019 experience. These adjustments are documented below in the "Establishing the Index Rate" section.

### Inclusion of Capitation Payments

There are no capitated payments in the projection period to consider during the development of the credibility manual rate.

## CREDIBILITY OF EXPERIENCE

BHICAL has claims experience for both 2018 and 2019, but 2019 is reported in the 2021 URRT. As detailed in the "Adjustments Made to the Base Period Claims" section above, the 2019 experience credibility is [REDACTED].

The credibility formula used was:

$$Credibility = Minimum \left[ \left( \frac{Annual\ Member\ Months}{[REDACTED]} \right)^{\frac{1}{2}}, 1 \right]$$

There is no double counting of the base period experience, as the manual rate is developed using a unique dataset.

The actuaries have considered Actuarial Standard of Practice ("ASOP") #25, "Credibility Procedures," when establishing this credibility threshold.

## ESTABLISHING THE INDEX RATE

The Index Rate, following the specifications of “45 CFR 156.80(d)(1),” is [REDACTED] PMPM. Development of this value is documented in the following section, and an illustration of these calculations is provided in Appendix A.

To establish the index rate, the base periods (experience and manual) were projected forward. For purposes of documentation, the two developments are referred to as Method 1 and Method 2 as defined below:

- Method 1: 2018 BHICAL Experience, as described in the “Manual Rate Adjustments” section above.
- Method 2: 2019 BHICAL Experience, as described in the “Experience Period Premiums and Claims” section above.

Both Method 1 and Method 2 used their respective completed Allowed Amount PMPMs as a starting point. The following adjustments were then applied:

- **Annual Market Claims Trend:** An annual composite claims trend of [REDACTED] was applied to both Method 1 and Method 2. Method 1 received 3 years of trend, whereas Method 2 received 2 years of trend.
- **Demographic Adjustment:** An adjustment was made for differences in the average age of the population in the projection period compared to the base period. Method 1 had an adjustment of [REDACTED] and Method 2 has an adjustment of [REDACTED].
- **Tobacco Adjustment:** An adjustment was made for differences in the smoking percentage of the population in the projection period compared to the base period. Method 1 has an adjustment of [REDACTED] and Method 2 has an adjustment of [REDACTED].
- **Plan Metal Mix Adjustment:** An adjustment was made for differences in the projected metal mix of the population in the projection period compared to the base period. Method 1 had an adjustment of [REDACTED] and Method 2 has an adjustment of [REDACTED].
- **Provider Reimbursement Adjustment:** [REDACTED]. Method 1 had an adjustment of [REDACTED] and Method 2 had an adjustment of [REDACTED].
- **Morbidity Adjustment:** For 2020 to 2021, we have estimated an explicit [REDACTED] to claims costs due to the persisting impact of COVID-19 reducing utilization; this reduction is detailed in the following section. Method 1 had an adjustment of [REDACTED] and Method 2 had an adjustment of [REDACTED].

Finally, please note the following:

- **Geographic Adjustment:** No adjustment was made for geographic changes as BHICAL's service area in 2021 is not changing from BHICAL's service area in 2018 or 2019.
- **Changes in Benefits:** BHICAL made no adjustments for changes in mandated covered benefits from the base periods.
- **Pediatric Dental Costs:** Base period claims for both methods include pediatric dental costs.
- **Non-Essential Health Benefits ("EHBs"):** BHICAL will not be offering non-EHBs in 2021.

Using this development, Method 1 produced projected allowed claims of [REDACTED] PMPM and Method 2 produced projected allowed claims of [REDACTED] PMPM, for a blended credibility weighted allowed amount of [REDACTED] PMPM. As documented in the "Credibility of Experience" section above, [REDACTED] weight was placed on Method 2 and [REDACTED] weight was placed on Method 1.

This value, \$425 PMPM, is the "Projected Index Rate" and represents expected allowed claims under the projected 2021 membership. This is shown on Worksheet 1 of the URRT.

## **DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE**

The "Projected Index Rate" of \$425 PMPM is then added to a "Risk Adjustment Payment" (allowed basis) of \$265 PMPM and increased for the "Exchange User Fees" (3.8%, allowed basis) to arrive at the "Market-Wide Adjusted Index Rate" of \$717 PMPM.

[REDACTED]

### **Reinsurance**

There were no adjustments made to the underlying 2019 data for federal or state reinsurance programs. Furthermore, no adjustments were made in the development of 2021 premiums to account for Federal reinsurance programs, as BHICAL assumes that the federal reinsurance program is net neutral to carriers, and Alabama does not have a state-based reinsurance program.

## Risk Adjustment Payment

Projected paid risk adjustment transfer amounts were calculated using a combination of the AL URRT experience by metal and historical BHICAL experience in both Alabama and BHICAL's parent company's experience in Colorado.

This resulted in an estimated paid transfer of [REDACTED] PMPM (payable). This was then grossed up by the average actuarial value expected in the projection period to result in an estimated allowed transfer of \$265 PMPM. This is shown on Worksheet 1 of the URRT. Risk adjustment transfers were applied at the market level in the development of the market adjusted index rate.

Please note the following:

- **RADV:** No adjustment was made for RADV adjustments.
- **Risk Adjustment Fee:** The risk adjustment fee of \$0.25 PMPM was incorporated into 2021 rates and included within the taxes and fees which are applied to the Market-Wide Adjusted Index Rate to arrive at the Plan Adjusted Index Rate.

## Exchange User Fees

The Marketplace User Fee ("Exchange Fee") included in our pricing is 3.0% of premium for all policies sold within the Marketplace. This fee was spread across all plans in the risk pool, including those not offered through the Marketplace. We assumed that [REDACTED] of BHICAL's individual policies would be sold within the Marketplace. This resulted in a Marketplace User Fee of 3.0% of premiums, applied to policies sold in and outside the Marketplace.

## PLAN ADJUSTED INDEX RATE (PROJECTION PERIOD)

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

### AV and Cost Sharing Design of the Plan

The following adjustments were made:

- **Pricing AVs:** Plan designs were modeled within the Wakely Pricing Model ("WPM"), based on detailed claim data from the Wakely ACA Dataset ("WACA").

- **CSR Load:** We have included an adjustment to the filed plans to reflect the impact of cost share reduction subsidies (“CSRs”) no longer being funded by the federal government. The regulation still requires CSR variant plans to be offered to low income members, under the same Federal AV requirements (keeping similar plan design and cost sharing structures as the current regulations), but the subsidy amounts will instead be a liability to the insurers and not the government.
- **Induced Utilization:** Additional adjustments were made to account for induced utilization, driven by cost sharing differences across each plan. Utilization factors reflect the impact of differences in cost sharing on utilization. Health status differences are not reflected in the utilization factors, and differences in morbidity across metal tiers were not included in the pricing development for each metal tier plan. Documentation of these factors and their development can be found in Appendix B.

### **Provider Network, Delivery System and Utilization Management Adjustment**

BHICAL will only have one network and therefore the network factor for all plans is 1.000

### **Adjustments for Benefits in Addition to EHBs**

BHICAL will not be offering non-EHBs in 2021.

### **Administrative Costs**

The following administrative costs, excluding the Exchange Fee, are included in the derivation of final premium rates. These values are applied evenly to all metal levels as a percent of premium:

- **Administrative Expense:** The general expense load was a composite [REDACTED] of premium, inclusive of commissions.
- **Taxes and Fees:** Federal Income Tax = 21.0% of taxable income. Risk Adjustment User Fee = \$0.25 PMPM. Premium Tax = 1.6% of premiums. Table 5 summarizes the non-benefit expenses, regulatory fees, and taxes as a percent of premium.
- **Profit and Risk Load:** [REDACTED] of proposed 2021 premiums was allocated to profit and risk margin, prior to federal income taxes. After accounting for federal income taxes, this amount decreases to [REDACTED].

## **Impact of Specific Eligibility Categories for Catastrophic Plan**

People under 30 and those with financial hardship can enroll in a catastrophic plan, which is part of a separate risk pool from the other metal tiers. The catastrophic plan design includes an adjustment to account for members being healthier than the individual market risk pool. We have applied an adjustment to the catastrophic plan and have set the factor equal to [REDACTED].

Per the instructions, no catastrophic adjustments were made to non-catastrophic plans.

## **CALIBRATION**

The following calibration factors were applied.

### **Age Curve Calibration**

Per the URR instructions, plan adjusted index rates were calibrated to age 21. To bring the experience to an age 21 rate, we divided the plan adjusted index rate by the weighted average age factor. The age factor was calculated as the weighted average of the Alabama specific ACA age factors, and the estimated enrollment by age for BHICAL's Alabama population in 2021. The age associated with this factor is between [REDACTED] and [REDACTED] years. Once calibrated, the standard federal age factors can be applied on a multiplicative basis to develop rates for other ages.

### **Geographic Factor Calibration**

Geographic factors are equal to 1.000 as BHICAL is only offering plans in Rating Area 3.

### **Tobacco Use Rating Factor Calibration**

The plan adjusted index rate must be on a non-tobacco user basis. The tobacco rate-up factor is 1.15, and the factor is intended to convert the rates to a non-tobacco basis. To bring the experience to an age 21, non-tobacco rate, we divided the plan adjusted index rate by the weighted average tobacco usage factor of [REDACTED]. The percentage of tobacco users used to develop the weighted average factor was based on our 2020 enrollment in Alabama.

Please note, we apply the same tobacco rate-up factor for all ages (21+) that can have a tobacco factor.

### **Compliance with Uniformity**

All calibration factors are applied uniformly to all plans.

## **CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT**

The consumer adjusted index rates were calculated by multiplying the Market Adjusted Index Rate by allowable plan level adjustments, loading the rates for retention, adjusting catastrophic plans by the catastrophic factor, and dividing by the calibration factors. This calculation is shown in Worksheet 2 of the URRT, in Line 3.14.

At this point, the Calibration Plan Adjusted Index Rate is adjusted by the consumer's specific age factor (subject to maximum allowable rating of three dependents under age 21), area factor, and tobacco load as applicable.

The rating factors are shown in Appendix D and the consumer adjusted index rates are provided in the rate templates.

## 5. PROJECTED LOSS RATIO

The Anticipated Loss Ratio (“ALR”) is defined as being the present value of expected benefits<sup>2</sup> over the present value of expected premiums for the time period that the premiums are effective. BHICAL estimates the ALR to be [REDACTED]. This calculation does not exclude any regulatory fees or taxes from premiums, which is why it is lower than the Federal MLR calculation.

Based on the federal MLR methodology, the loss ratio is estimated to be [REDACTED]; therefore, BHICAL does not anticipate paying consumer rebates for the 2021 plan year. Regulatory fees and taxes were excluded from premium in the calculation of this value.

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<sup>2</sup> BHICAL has included claims attributed to quality initiatives in the numerator.

## 6. PLAN PRODUCT INFORMATION

### AV METAL LEVELS

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

BHICAL's plan designs were mostly compatible with the AVC. An adjustment was applied within the AVC to pharmacy copayments and coinsurance to account for ACA preventive drugs having no cost-sharing. The final AV is calculated in the AVC using the usual cost-sharing components of the plan (deductible, MOOP, coinsurance, etc). The prescription drug cost-sharing for the generic and brand tiers were modified to account for the preventive drugs defined by the ACA, which are zero cost to the member. To incorporate the impact, the percent of generic and brand drugs that were listed on the ACA preventive drug list was determined based on BHICAL's parent company's national 2019 experience. The generic copay amounts were reduced by [REDACTED] based on number of fills, and coinsurance was reduced by [REDACTED] based on allowed amounts. For brand cost sharing, copay amounts were reduced by [REDACTED] based on number of fills, and coinsurance was reduced by [REDACTED] based on allowed amounts. The cost sharing for each tier was weighted by the above amounts to obtain the effective cost sharing inputs. For example, a \$15 generic copay would be multiplied by (100.0% - [REDACTED]) to obtain an effective copay of [REDACTED].

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

### MEMBERSHIP PROJECTIONS

The membership projections for 2021 are based on BHICAL's current membership in the Alabama individual market and an understanding of the projected Alabama market in 2021. In general, projected annual enrollment has decreased due to an expectation that our relative competitiveness will decrease. Enrollment projections were provided by other internal departments, and as stated in the "Reliance" section below, a limited review was performed. Actual enrollment is highly dependent on consumer decisions and the competitiveness of rates in the market.

Table 6 shows 2021 BHICAL individual enrollment projections by plan.

[REDACTED]

Table 7 shows the projected enrollment for silver plans by subsidy level, noting that [REDACTED].

[REDACTED]

## **TERMINATED PLANS AND PRODUCTS**

Not applicable; no plans or products have terminated since the prior filing.

## **PLAN TYPE**

The plan types listed in the drop-down box in Worksheet 2, Section I of the URRT describe the plans exactly.

## 7. MISCELLANEOUS INSTRUCTIONS

### EFFECTIVE RATE REVIEW INFORMATION

Additional information available upon request. Please note the following:

- **URRT Warnings:** There are no warnings appearing in the URRT.
- **Application of Market Reform Rating Rules for a Single Risk Pool:** BHICAL has established a single risk pool for all individual market business. Since BHICAL was new to the individual market in 2018, all BHICAL's individual business will be non-grandfathered, non-transitional, and ACA-compliant.

### RELIANCE

We relied on several internal departments for key assumptions. This information included but was not limited to estimated 2021 enrollment figures, geographic region to be covered, filed benefit designs, product design information, treatment of quality initiatives, and retention components.

We have performed a limited review of this information and have deemed it to be reasonable.

Finally, we relied on the WPM, leased from Wakely Consulting Group, to produce pricing AVs. The calculations and data were provided by Wakely, and BHIC populated the model and calibrated the allowed amounts.

### ACTUARIAL CERTIFICATION

I, Tim van Laarhoven, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries.

I, Keith Epperson, am an Associate of the Society of Actuaries and a Member of the American Academy of Actuaries.

We both meet the Qualification Standards of Actuarial Opinion as adopted by the American Academy of Actuaries for preparing premium rate filings for insurers.

This actuarial certification applies to the Bright Health Insurance Company of Alabama, Inc. Individual products to be offered on the Alabama Federal Health Exchange.

1. The premium rates filed are in compliance with applicable laws, rules and guidelines of the State of Alabama.
2. The premium rates filed are reasonable in relation to the benefits provided and are not excessive, inadequate, or unfairly discriminatory based on the provisions of the ACA as currently implemented.
3. The premium rates are calculated on the basis of sound actuarial principles.
4. The premium rates are reasonable when related to the applicable coverage and characteristics of the applicable class of enrollees.
5. The projected index rates are developed in accordance with all applicable state and federal statutes and regulations (45 CFR 156.80 and 147.102) and with allowable modifiers used in the development of plan specific premium rates.
6. The premium rates filed are in compliance with the ASOPs promulgated by the Actuarial Standards Board that are listed below:

ASOP No. 5, Incurred Health and Disability Claims

ASOP No. 8, Regulatory Filings for Health Plan Entities

ASOP No. 12, Risk Classification

ASOP No. 23, Data Quality

ASOP No. 25, Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages

ASOP No. 41, Actuarial Communication

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

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

ASOP No. 56, Modeling

In our opinion, the premiums are reasonable in relation to the benefits provided and the population anticipated to be covered. Further, the premiums are not estimated to be either excessive or deficient based on the provisions of the ACA as currently implemented. Actual experience will vary from the estimates given the inherent uncertainty in developing premium rates under the ACA. **[REDACTED]**.

The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with ASOPs.

The geographic rating factors only reflect differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

The Federal AV Calculator (with some modification) was used to determine the AV Metal Values shown in Worksheet 2 of the Unified Rate Review Template for all plans.

The Part I Unified Rate Review Template does not demonstrate the process used to develop the rates. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

Sincerely,



Tim van Laarhoven  
Lead Actuarial Consultant  
Fellow, Society of Actuaries  
Member, American Academy of Actuaries



Keith Epperson  
Chief Actuary, VP  
Associate, Society of Actuaries  
Member, American Academy of Actuaries

Date: August 20, 2020

## **Appendices**

Appendix A - Development of 2021 Market-Wide Adjusted Index Rate

Appendix B – Induced Demand Factors

Appendix C – Geographic Rating Factor Development

Appendix D – Rate Manual and Rate Formula

Appendix E – Federal and Pricing Actuarial Values

## **Appendix A**

### **Development of 2021 Market-Wide Adjusted Index Rate**

[REDACTED]

**Appendix B**  
**Induced Demand Factors**

[REDACTED]

## **Appendix C**

### **Geographic Rating Factor Development**

No geographic variation was applied, as BHICAL is only offering plans in Rating Area 3.

**Appendix D**  
**Rate Manual and Rate Formula**

[REDACTED]

**Appendix D**  
**Rate Manual and Rate Formula**

[REDACTED]

## Appendix E

### Federal and Pricing Actuarial Value

Following are the Federal AVs of the non-CSR variant plans and the Pricing AVs applied for developing the Plan Benefit Factor. The Pricing AVs include the CSR load and are on a different basis than the Federal AVs.

Plan ID	Metal Level	Federal AV	Pricing AV
73301AL0020001	Gold	79.3%	[REDACTED]
73301AL0020003	Bronze	64.7%	[REDACTED]
73301AL0020004	Catastrophic	63.6%	[REDACTED]
73301AL0020006	Bronze	64.6%	[REDACTED]
73301AL0020009	Silver	71.4%	[REDACTED]
73301AL0020010	Bronze	64.9%	[REDACTED]
73301AL0020011	Silver	68.1%	[REDACTED]
73301AL0020012	Silver	69.1%	[REDACTED]