Health Net HAO-2016-0086 Data Request

1. SRRT, "Actual-to-Expected 2015" tab, the "actual" member months is 440,430 which is very close to the member months implied in the rate development on page 4 of the memorandum ($473,970,047/$1,080.91*12 = 438,492. But the implied member months from the "2015 Claims Distribution" tab are 575,109 (assuming total claims of 473,970,047). Why the difference?

   Response: The implied member months in the rate development is 440,430 as the Total Experience Period Claims Cost is $476,066,711 (see F). $473,970,047 is the System Experience Claims Cost (see D) and does not include Off-Systems Adjustments like Pediatric Dental and Vision (see E).

	Experience:	Total	PMPM
A	Experience Period Member Months	440,430	36,703
B	Expected Member Months in the Rating Period	217,003	18,084
C	Experience Period Premium	$189,018,536	$429.17
D	System Experience Period Completed Incurred Claims	$473,970,047	$1,076.15
E	Off System Adjustments to Claims (Pediatric Vision+Dental)	$2,096,664	$4.76
F	Experience Period Completed Incurred Claims	$476,066,711	$1,080.91

   The initial 2015 Claims Distribution component of the SRRT was done in error. We thought the "Projected Paid PMPM" represented the projected 2017 Paid PMPM, rather than the experience 2015 Paid PMPM. This table should be as follows below. This implies the member months is 440,430.

Claim Range	Claim Frequency	Average Annual Paid Claim
< $45,000	0.940	$3,978.18
$45,000 - $59,999	0.011	$51,884.82
$60,000 - $89,999	0.014	$72,988.25
$90,000 - $149,999	0.015	$116,085.59
$150,000 - $199,999	0.007	$172,150.09
$200,000 - $249,999	0.004	$221,689.75
$250,000 - $999,999	0.008	$388,670.18
$1,000,000+	0.000	$1,927,599.27
Projected Paid PMPY	1.000	$12,970.92
Projected Paid PMPM		$1,080.91

2. SRRT, "Actual-to-Expected 2015" tab, you have "actual" amounts for risk adjustment and reinsurance. Since the actual results have not been released, what do you mean by "actual"?

   Response: These are our projected risk adjustment and reinsurance amounts for 2015 based on Wakely data for risk adjustment and internal claims data for reinsurance.

3. What is your average membership by metal plan for 2014, 2015, 2016 (actual/projected) and 2017 (projected)? What is the percentage of Silver plan members with CSR for 2014 and 2015?

   Response: Please see below for our average membership by metal tier. 2016 actual is January – April 2016, the projection includes our assumptions for May – December.

Average Members

	2014	2015	2016 (actual + projected)
Platinum	4,021	4,856	3,319
Gold	4,651	5,130	3,100
Silver (total)	9,783	8,146	8,697
Silver with CSR	*2,285*	*713*	*1,249*
Silver, no CSR	*7,498*	*7,433*	*7,449*
% Silver CSR	*23.4%*	*8.8%*	*14.4%*
Bronze	28,796	15,298	11,391
Catastrophic	5,958	3,364	1,851
Total	**53,210**	**36,795**	**28,358**

We did not provide 2017 membership projections as we are still evaluating this. This product is significantly challenged by Out-of-Network Substance Abuse claims which consumed 42.7% of claims dollars in 2015, resulting in a loss ratio of 152% (194% without reinsurance) – see table below. We are in discussion with the CDI regarding how we can control anti-selection so that we can get member exposure to about twice a normal incidence rate with payment in line with in-network costs. We expect we will reach resolution with the department and that such resolution will have a material impact on the rates and our projected membership. Thus, we wish to defer providing projected membership until we have that clarity.

	2014	2015
MMs	665,317	440,430
Premium pmpm	$349	$429
Risk Adjustment pmpm	$81	$114
Net Premium pmpm	$430	$543
Claims pmpm (with Settlements)	$529	$1,081
CSR pmpm	-$4	-$1
Reinsurance pmpm	-$145	-$253
Net Claims pmpm	$380	$827
Net Claims / Net Premium	88.4%	152.3%

4. Page 2 memorandum, sunset of reinsurance, where did the $117 pmpm for 2016 come from? In your 2016 filing, you assumed $47.27 pmpm and for 2015 we get a much lower number than the $252.73 pmpm number you have in the SRRT for 2015 (Are you assuming 100% coinsurance rate? We can share our analysis if you like). Also, for 2014 you actually received $45.43.

   Response: Our estimate of $117 in reinsurance in 2016 is based on our current projections for 2016. It assumes 50% coinsurance.

   Our 2016 bid projected 2016 experience based on knowledge of this book given 2014 experience. Our 2017 bid projects 2017 experience based on knowledge of this book given 2015 experience. 2015 experience shows a significant deterioration from 2014 experience largely related to the problem of Out-of-Network Substance Abuse claims on our PPO product.

   As 2015 claims experience is almost double 2014 experience (see table in Question #3), 2015 reinsurance is also significantly higher than in 2014, despite the estimated coinsurance rate dropping from 100% to an estimated 50%.

   For CY 2014 we actually received $96,350,760 or $145 PMPM from reinsurance.

5. Page 3 memorandum, please provide details on how you estimated the IBNP claims. Also, how many months of run-out did you have? How complete (percentage assumed) were the actual incurred and paid claims that you had available?

   Response: Our 2015 incurred claims were paid through January 2016. The actual incurred and paid claims were assumed to be 97.5% complete.

Paid claims are obtained through our systems and true-up to incurred claims as reported by Actuarial Reserving. Incurred claims includes run-out, the reserve factor is computed by the Actuarial Reserving and are reviewed and approved by a third party actuarial firm.

6. Page 4 memorandum, rate development line H, does the incurred claims experience include HIPPA experience?

   Response: Incurred claims experience only includes ACA experience; HIPAA is not included and is filed separately.

7. Page 4 memorandum, rate development line H minus line I, OON substance abuse claims in 2015 were $46147 pmpm which makes up 42.7% of the total claims? Is this correct? Please explain in detail how this happened.

   Response: Yes, this is correct. In CY 2015, OON substance abuse claims consumed 42.7% of the dollars spend for this block of business.

   OON substance abuse claims are residential treatment center inpatient and outpatient claims and toxicology screens (drug tests). Prior to 2016, Out of network substance abuse claims were paid as a % of billed, because a Medicare Allowable rate was not available for this claim category. For example, toxicology was paid based upon CPT. There was no Medicare fee schedule amount at CPT level but there is an amount when they bill using G-codes. We now crosswalk services to G-codes because Medicare has allowed amounts at that level. The number OON substance abuse claimants is expected to drop from a high of 6.4% of members as of January 2016 to an average of 0.9% of members in the 2017 rating period. Each claimant had a average cost PMPM of $19,000 (see table below) in CY 2015.

IFP	Platinum	Gold	Silver	Bronze	Catastrophic	Total
MMOS	7,566	1,588	1,635	275	48	11,112
IN Net Behavioral Health	158.70	279.23	152.52	415.64	639.65	183.46
Out Net Behavioral Health	19,213.73	6,769.11	17,855.08	4,452.88	6,500.98	16,815.16
In Net Other Med	920.77	649.87	352.42	727.23	3,560.85	805.05
OON Other Med	1,292.31	787.26	929.90	421.23	194.64	1,140.51
Rx	336.90	427.50	101.73	87.43	80.56	307.97
Total HCC	21,922.42	8,912.97	19,391.65	6,104.41	10,976.69	19,252.14

8. Page 4 memorandum, rate development line J, OON Substance Abuse Cost Adjustment, describe in detail how you came up with the .658 decrement. Did you reprice the claims? Did you use a pricing model? Please provide the separate decrements for each component of the OON reimbursement methodology that changed from 2015 to 2017 and adds up to the .658 decrement. Also, describe the changes in reimbursement methodology from 2015 to 2016 separate from the changes from 2015 to 2017.

Response: OON substance abuse claims make up 42.7% of claims for 2015. As we expect a reduction in costs of 80%, the adjustment is calculated as 0.658 = 1 – (42.7% x 0.8).

This pricing was prepared in time for the May 2nd submission. Since then we have updated the pricing and refined our benefit changes in conjunction with the benefit forms filing. The rate filing reflects a preliminary view of both pricing and proposed benefit changes. We think it is more fruitful to provide our memos that we submitted for the benefits forms filing and the resulting objection answers than to discuss the rate filing pricing which should be revised to reflect the benefit forms filing pricing and breakdown of benefit changes. See the memos attached.


Objection# 6,7,8_OON Cost Sha


Objection# 10_Actuarial Memo E


Objection# 11_MAA Response.docx

9. Page 4 memorandum, rate development line M, demonstrate how you came up with the decrements for each item.

   Response: See response to Question #8.

10. Page 5 memorandum, rate development line L, you are assuming 18.4% for morbidity. Please explain in detail why you think this will happen, and support your assumption with data. Last year you assumed 2.5%, and given that the ACA was implemented in 2014, we wouldn't expect such a large morbidity assumption.

    Response: This adjustment calculated as the claims cost of the renewing ACA market weighted by the expected member months in the rating period, rather than the experience member months. Implicitly, we are saying that sicker members stayed enrolled from 2015 to 2016. We calculated the reweighting after other claims adjustments to 2015 experience and it is computed at the region level. However the chart below, which is aggregated at the metal level, demonstrates how much claims costs increase when we switch from experience period member months to rating period member months (based on February 2016 members).

	Experience Period Member Months	Rating Period Member Months	CY 2015 Total HCC
Platinum	57,965	39,581	$ 4,683.12
Gold	61,383	19,670	$ 950.80
Silver	97,608	46,333	$ 960.10
Bronze	183,184	93,746	$ 263.50
Catastrophic	40,290	17,672	$ 105.84
Total	440,430	217,003	
(a) Weight by Experience Member Months			$ 1,080.91
(b) Weight by Rating Member Months			$ 1,267.83
Difference: (b) / (a)			1.173

11. Page 6 memorandum, rate development line M (2017 initiatives), we need you to give a more specific strategy on how you will achieve a .947 reduction in claims. Otherwise, please adjust the profit to the 1.9% loss.

    Response: We are evaluating strategies around both claims cost and risk adjustment at this point for the 0.947 reduction. This rate filing is challenging as the profit we requested is completely dependent on cooperation from the CDI regarding strategies to limit our loss exposure to fraud. The strategies that we have outlined in Rate Development Line M have not yet been approved by the CDI. We cannot maintain a viable product at a -1.9 % profit. We expect to continue to work towards finding savings necessary to support a reasonable profit gain. We do not wish to underestimate our actual targets for this metric.

12. Page 6 memorandum, rate development line P, you are assuming CSR receivables of $1.49 pmpm. For 2016 you assumed $8.61. Why the large decrease? Please show how you derived this. What did you actually receive for 2014? When do you expect to receive CSR for 2015?

    Response: The large decrease is due to two factors:

    (1) The 2016 filing uses the 2014 portfolio to establish claims experience and CSR (Cost Sharing Subsidies). The 2014 portfolio had our PPO plans on Exchange. Since 2015, only the narrower network EPO plans are available On-Exchange. Membership in the CSR plans is shown below. The 2017 filing reflects the 2015 CSR payments and the current CSR membership distribution, which has been reduced by more than half from 2014 levels.

	Members			
Year/Month	CSR 73	CSR 87	CSR 94	Total
2014/01	256	517	243	1,016
2014/02	337	694	319	1,350
2014/03	416	865	391	1,672
2014/04	511	1,056	494	2,061
2014/05	625	1,310	657	2,592
2014/06	636	1,355	677	2,668
2014/07	641	1,370	694	2,705
2014/08	663	1,418	706	2,787
2014/09	662	1,389	687	2,738
2014/10	649	1,357	658	2,664
2014/11	629	1,315	627	2,571
2014/12	603	1,265	593	2,461
2015/01	143	311	128	582
2015/02	160	343	141	644
2015/03	175	398	162	735
2015/04	173	414	168	755
2015/05	166	428	168	762
2015/06	156	413	173	742
2015/07	155	408	165	728
2015/08	156	413	164	733
2015/09	150	405	163	718
2015/10	151	404	158	713
2015/11	153	397	159	709
2015/12	152	394	160	706

(2) The simplified method of calculating CSR receivables which we used in the 2016 rate filing inflates CSR receivables. We have found that the actual paid to allowed ratio of these plans is much higher than the value calculated by the AV calculator. The simplified method creates inflation of the CSR receivables because the method calculates the CSR receivable as the difference between the standard AV of a Silver Plan (70%) versus the AV of the CSR Plan (94%, 87%, 74%). The actual paid to allowed of the standard Silver is above 80%, thus the receivable payment is lower as there is not as much of a spread between standard Silver and the CSR plan.

The Federal government provides CSR advance payments monthly based on the simplified or standard method. Carriers then submit actual CSR payments calculated on specific member encounter data. CSR advance payments are then reduced (or paid out) until the difference between the prepayments and the actual CSR amounts have been reconciled.

This submission is intended to be done annually around May of each year for the prior year. However, the Feds acknowledge the difficulty for carriers in calculating actual CSR payments

and delayed the 2014 reconciliation one full year. We submitted the reconciliation for 2014 and 2015 on June 3, 2016. This reconciliation calculated actual CSR payments as being worth $2.6 million for Cy 2014 and $0.5 million for Cy 2015. For the 2017 filing, the $0.5 million reduced Exchange Silver claims by 3.5%. This reduction resulted in the single risk pool's claims being reduced by $1.49 PMPM.

13. Page 7 memorandum, rate development line T, you show an age adjustment of 1.123/1.087 = .968? Shouldn't it be 1.033?

    Response: We apologize, this was a typo. The memorandum should have read:

    We must adjust CY 2015 claims to reflect the average age factor of the population in the rating period.

    A. We pulled the census of every non-grandfathered member in California Individual PPO business in CY 2015. The average age factor was calculated based on this population and using the approved ACA age factors. The calculated value is 1.159.

    B. We pulled the census of every non-grandfathered member in California Individual PPO as of February 2016. The average age factor was calculated based on this population and using the approved ACA age factors. The calculated value is 1.123.

    Hence the Age Adjustment (B) / (A) = 1.123 / 1.159 = 0.968

14. Page 9 memorandum, line AF, you are projecting risk adjustment receipts of $192.85 for 2017, but for 20014 you received 53,801,059/639,676 = $84.11, for 2015 you project $112.21, for 2016 you projected $110.34. Why such a large increase for 2017? Also, your original estimates for 2014 and 2015 were very different than what actually happened, so wouldn't you consider your assumption for 2017 to be aggressive?

    Response:
    We will revise our estimate shortly after actual CY 2015 risk adjustment data is released on 6/30/2016.

    The risk adjustment estimate used in the May 2nd filing is based on the Wakely risk adjustment simulation projection for Cy 2015 trended to 2017 assuming 5% premium trend and population mix changes. This estimate is $158.60. This is consistent with the 18.4% morbidity impact discussed in our answer to Question #10 and reflects migration from our 2015 experience population to our current population, which is sicker and in higher cost regions.

    The remaining $34.25 (=$192.85 - $158.60) is due to improvements in our Edge Server submission process and morbidity improvements to the ACA market as a whole. We note that

we are a net receiver in risk adjustment, thus the aggressiveness of our assumption lowers the requested rate increase.

15. Page 17 memorandum, please show how you developed your induced demand factors and demonstrate that the induced demand factors are not contributing an increment to the overall average rate. Also, explain what the normalization column is?

    Response: As shown in the table below, the Bronze tier's metal tier sloping is appropriately priced as it is expected to perform at a 75.1% MLR. There is no Catastrophic experience for CY 2015, thus it's pricing is aligned with Bronze. The metal tier sloping was adjusted so that the Bronze/Catastrophic increase is lower than the Platinum through Silver as these metals tiers are at a profit loss after risk adjustment and need to have higher increases in order to maintain long term viability in the market.

	Total	Platinum	Gold	Silver	Bronze
2016/02 Members (ACA)	18,084	3,298	1,639	3,861	7,812
Expected Members December 2017	18,084	3,298	1,639	3,861	7,812
Average Premium for 2017	$659	$1,024	$864	$747	$498
% Renewal	23.0%	27.9%	27.0%	27.4%	15.6%
Premium plus Risk Adjustment	$851	$2,114	$1,098	$827	$390
Expected HBR (GAAP MLR) Before Risk Adj	126.1%	221.8%	110.3%	102.0%	53.2%
Anticipated Risk Adjustment	$193	$1,090	$233	$81	-$109
Expected HBR (GAAP MLR) After Risk Adj	96.8%	115.4%	83.3%	91.2%	75.1%

    The normalization column ensures that the induced demand factors are not contributing an increment to the overall average rate. It is calculated as the ratio between the weighted average of the actuarial values before the induced demand adjustment is made and the weighted average of the actuarial values after the induced demand adjustment is made. The application of this normalization factor ensures that these weighted averages are the same. Please note, normalization is calculated at the product-specific (PPO/EPO) level.

16. Page 19 memorandum, line CI, you have a calibration factor for the network? Age and geography calibrations are the only ones allowed. Please update accordingly.

    Response: This is correct. We are going to refile our rates and will remove the network calibration factor when we do so. It will instead be a modifier pre the development of the Market Adjusted Index Rate.

17. Please describe the rate caps for the PPO that were put in place in 2016?

    Response: See response #8.

18. What was the total membership, Covered California membership, and off exchange membership as of the most recent month available?

    Response: As of April 2016, our ACA membership was distributed as follows:

Off-Exchange	24,151
Exchange	3,847
Total	27,998

19. What is the total average membership projected for 2017, with splits for Covered California membership, and off exchange membership?

    Response: We are still evaluating this. Our final rate increase is connected to what is ultimately agreed to with the CDI on PPO Off-Exchange business. We expect exchange membership growth to outpace off-exchange membership. In April we were up to 3,847 members or about 14%.

20. Do you know when the third party certification will be available?

    Response: The third party certification will be submitted once the negotiations with Covered CA are finalized regarding our Exchange rates. We expect to submit to the regulators July 14th the final rate filing which incorporates the Covered CA negotiated rate position as well as the 2015 EdgeServer results on risk adjustment.

21. Were there any changes made to the metal tier sloping from 2016 to 2017? If so, please show evidence that they should be modified.

    Response: The methodology is described in our response to objection #17, above.

CDI Objection #6, #7 & #8: OON MOOPs; PLATINUM AND GOLD PLANS OON Deductibles; BRONZE OON Deductibles

#6: In the 2016 plans, the OON MOOPs are double the in-network MOOPs. As you were previously advised, HNL may not eliminate the OON MOOP because this constitutes a change in cost sharing structure. 45 CFR 147.106(e)(3)(iv); Confidential Undertaking 5(a). Please restore the prior cost sharing structure such that the OON MOOPs in all the plans are double the in-network MOOPs.

#7: As you were previously advised, HNL may not add $5,000 individual/$10,000 family OON deductibles to the platinum and gold plans because increasing the OON deductibles from $0 to $5,000/$10,000 constitutes a change in cost sharing structure that would trigger a discontinuation. 45 CFR 147.106(e)(3)(iv); Confidential Undertaking 5(a).

#8: In 2016, the OON deductibles were double the in-network deductibles. HNL must continue to use that cost sharing structure. 45 CFR 147.106(e)(3)(iv); Confidential Undertaking 5(a). The required OON deductibles are: Individual $12,600; and Family $25,200.

HN Response: HNL respectfully requests the Department's approval of our proposed changes in out-of-network (OON) cost sharing structure(s). Consistent with federal law these changes constitute a uniform modification of coverage (UMC). The changes to cost sharing sought relate solely to changes in cost and utilization of medical care related to HNL's PPO plans and as such are fully consistent with and anticipated by applicable federal regulations and guidance. As explained further below, federal regulations and guidance in fact encourage the Department to allow the Proposal B changes.

The changes in cost and utilization requiring these changes largely reflect marketplace dynamics where provider organizations currently have little incentive to become in network providers and effectively waive current member cost sharing requirements to encourage utilization of the services they provide OON. The susceptibility of our current OON cost sharing structure to these dynamics is exacerbated by the fact that competing health plans have already been able to alter their benefits in ways that discourages these activities, resulting in even higher levels of adverse selection against our PPO plans and driving the need for a change in uniform modification of coverage that is due solely to changes in cost and utilization of medical care.

Changes Sought Are Tailored to Address the Changes in Cost and Utilization of Medical Care

HNL has sought to minimize the impact of our proposed cost sharing changes by focusing on the changes that directly relate to the changes in cost and utilization of medical services that we have observed. Specifically, proposed changes are limited to adding an OON deductible for Gold and Platinum Standard PPO plans and to removing current limits on Maximum Out-of-Pocket (MOOP) costs for OON benefits for all PPO metal level tiers.

If HNL cannot make these changes it will have a direct impact on the affordability and effective availability from a price standpoint of HNL's PPO products. Even with these changes, HNL's PPO product will continue to offer a robust OON benefit. Similarly, if these changes cannot be made the impact on premiums would not be limited to the PPO product. Instead, it would also likely impact rates and affordability for HNL's other products in the individual market given that HNL is required under federal and corresponding state law to price products based on an index rate calculated at the issuer level for a particular market (here the individual market).

These Changes Constitute a Uniform Modification of Coverage as Well Supported by Federal Regulation and Guidance

The Department is clearly allowed and encouraged under federal law to permit the changes HNL is requesting, as the proposed changes constitute a uniform modification of coverage being proposed for precisely the reasons anticipated by federal regulation and further described in federal guidance. See 45 CFR 147.106(e);

CMS, "Uniform Modification of Plan/Product Withdrawal FAQ (June 15, 2015) (June 15 Guidance), available at: *https://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/Downloads/uniform-mod-and-plan-wd-FAQ-06-15-2015.pdf*[1]

As the Department has indicated, a uniform modification of coverage under federal rules is distinguished from a product discontinuation. Specifically, only if proposed product changes are outside the scope of changes contemplated by the uniform modification rules would, for the purposes of federal law, a product be considered discontinued.

45 CFR 147.106(e)(3)(iv) Allows for Changes Related to Cost and Utilization & Allows States to Broaden Standards giving Issuers Room to Stay Within Parameters for Uniform Modification

The Department has appeared to raise the specific concern that the proposed changes do not meet the requirements of 45 CFR 147.106(e)(3)(iv). We wish to clarify why these changes due meet the requirements of this sub-provision.

Specifically, 45 CFR 147.106(e)(3)(iv) is one of several regulatory sub-provisions that health insurance coverage for a product must meet in the individual and small group markets in order for a modification that is not directly related to the imposition of federal or state requirements to be considered a uniform modification.

The sub-provision requires that each plan have the same cost-sharing structure as before the modification, "*except* for any variation in cost sharing solely related to changes in cost and utilization of medical care ...." (emphasis added).

As described above, these proposed changes were designed to address exactly this issue. In relation to non-par (i.e., OON) spending for drug testing and substance abuse facilities, HNL PPO plans saw a 6,359 percent increase year-over-year from 2013 to 2014 (with 2014 reflecting the first year of full ACA market reform implementation), and a 2,674 percent increase in year-over-year spending from 2014 to 2015. On a dollar impact basis, per member, per month (PMPM) spending on these services increased from $15 (itself a significant increase from 2013) to about $400 PMPM in 2015.

Coincident with this experience, the share of total medical and pharmacy cost spending measured on a PMPM basis attributed to these services increased from 0.1 percent in 2013 to 2.8 percent in 2014, to 37.8 percent in 2015. This helped drive a 201 percent increase in overall medical and pharmacy cost spending on a PMPM basis for the PPO product between 2013 and 2014, and 109 percent increase year-over-year increase from 2014. HNL's Proposal B changes are solely related to these changes in cost of utilization of medical care.

From an interpretational standpoint, it is notable that the June 15 Guidance draws specific attention to the fact that 45 CFR 147.106(e)(4) expressly allows states to broaden the standards in paragraph (e)(3)(iv) noting that the purpose of this flexibility is to give "issuers room to adjust plans within products, and stay within the parameters for uniform modification." The Guidance then reiterates that "CMS encourages states to exercise this discretion to ensure that product changes are considered uniform modifications of coverage where appropriate."

Federal Regulations Do Not Define the term "Cost Sharing Structure" but CMS Has Stated the Magnitude of a Change in Cost Sharing Structure Does Not Affect Whether the Change is Considered a Uniform Modification

In the June 15 guidance, CMS further notes as the regulations do not define the term "cost-sharing structure" that CMS will defer to a state's reasonable interpretation of 45 CFR 147.106(e)(3)(iv), noting again that a state has discretion to broaden the standards.

Yet while indicating it will defer to a state's reasonable interpretation, *CMS specifically notes that the magnitude of a change in cost-sharing structure does not affect whether the change is considered a uniform*

[1] *As CMS notes, HHS regulations contain parallel provisions related to guaranteed renewability coverage and the exceptions for uniform modification of coverage and discontinuance of a particular product or all coverage in a market. Consistent with the June 15 Guidance, we focus on 45 CFR 147.106 (which is the provision CDI refers to in its correspondence).*

modification if the change was solely related to changes in cost and utilization of medical care, or to maintain the same metal tier. "Any changes in cost-sharing structure for such reasons would be considered a uniform modification that would not trigger a product discontinuance." June 15 Guidance, Q4.

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The Department has the authority to and would in fact be encouraged by CMS to allow these proposed changes. They are solely related to changes in cost and utilization of medical care, and are tailored to address issues prompting these changes. In such cases, CMS encourages states to exercise their discretion to give issuers room and ensure that product changes are considered uniform modifications of coverage where appropriate.

For all these reasons these changes are precisely anticipated by federal regulations and guidance and provide ample support for CDI to approve them as a uniform modification of coverage. Doing so will promote the affordability of effective availability of the PPO product that will continue to provide a robust out-of-network benefit.

CDI Objection #10: ACTUARIAL MEMORANDUM

1). Please make sure to submit the previously requested estimates (excerpted below) for proposals E and G. Please fully explain the derivation of the estimates.

Proposal E: Eliminate coverage for non-emergent and urgent care benefits outside California, including access to the out-of-state network. The Department will evaluate this proposal under the UMC standard for benefit changes. 45 CFR § 147.106(e)(3)(v). When the forms are submitted, please include a separate estimate of the effect of each proposal—(1) eliminating out-of-network coverage for non-emergent and urgent care benefits outside the state, and (2) eliminating access to the Out-of-state network—on the plan-adjusted index rate for each plan.

Proposal G: Eliminate out-of-network coverage for outpatient infusion therapy, home health care, and gender reassignment surgery ...

The Department will evaluate your proposals to not cover outpatient infusion therapy and home health care services out-of-network.
45 CFR § 147.106(e)(3)(v). When the forms are submitted, please include a separate estimate of the effect of each proposal on the plan-adjusted index rate for each plan.

2) Please submit separate estimates for eliminating out-of-network coverage for weight management interventions and tobacco cessation interventions as well.

HN Response: Per the Department's request, please find embedded below HNL's actuarial estimates for proposals E and G, as well as the separate estimates for eliminating out-of-network coverage for weight management interventions and tobacco cessation interventions. Please also refer to the information provided in our response to objection #6, #7 & #8, as it relates to 45 CFR § 147.106(e)(3)(v), to further support the need for these benefit changes.

Proposal E:	
Eliminate coverage for non-emergent and urgent care benefits outside California, including access to the out-of-state network	
(1) Eliminating out-of-network coverage for non-emergent and urgent care benefits outside the state	
Estimated effect on the plan-adjusted index rate	0.9%
The estimate was derived by identifying the volume of out-of-network non-emergent and urgent care services performed outside the state during the experience period. Our assumption is that 50% of the demand will be eliminated, and members with the remaining demand will seek in-state providers to perform the same services.	
(2) Eliminating access to the out-of-state network	
Estimated effect on the plan-adjusted index rate	0.1%
The estimate was derived by identifying the volume of services performed within the out-of-state network during the experience period. Our assumption is that 50% of the demand will be eliminated, and members with the remaining demand will seek in-state providers to perform the same services.	

Proposal G:	
Eliminate out-of-network coverage for outpatient infusion therapy	
Estimated effect on the plan-adjusted index rate	0.1%
The estimate was derived by identifying the volume of outpatient infusion therapy services performed by out-of-network providers during the experience period. Pricing for these services was simulated as if they were performed by the average in-network provider. The difference between the actual cost and the simulated cost was taken as the estimated impact of this proposal.	
Eliminate out-of-network coverage for home health care	
Estimated effect on the plan-adjusted index rate	<0.1%
The estimate was derived by identifying the volume of home health care services performed by out-of-network providers during the experience period. Pricing for these services was simulated as if they were performed by the average in-network provider. The difference between the actual cost and the simulated cost was taken as the estimated impact of this proposal.	

Estimate of eliminating out-of-network coverage for weight management interventions	<0.1%
Estimate of eliminating out-of-network coverage for tobacco cessation interventions	<0.1%

CDI Objection# 11: P30601(CA 1/17)OE, Policy/Contract/Fraternal Certificate, IFP PPO OE Policy (Form); MAXIMUM ALLOWABLE AMOUNT - Actuarial Memorandum

Please ensure that the actuarial estimate of the effect of each MAA modification on the plan-adjusted index rate for each plan reflects the difference between the 2016 MAA provisions and the language proposed in the May 16 version of the forms. 45 CFR 147.106(e)(3)(v).

Please separately estimate the effect of each of the following modifications on the plan-adjusted index rate for each plan:

"(1) Reducing the MAA for facility charges from 190% of the Medicare MAA to 150% of the Medicare MAA.

(2) Reducing the MAA for physician services from the 85th percentile of FAIR Health or a similar database to 100% of the Medicare MAA.

(3) Reducing the MAA for all other types of services from 190% of the Medicare MAA to 100% of the Medicare MAA.

(4) Adding a MAA for "covered outpatient pharmaceuticals … dispensed and administered to the patient, in an outpatient setting, including, but not limited to, Physician office, outpatient Hospital facilities, and services in the patient's home" of the lesser of billed charges or the "Average Wholesale Price" for the drug or medication.

(5) Using the following default reimbursement methodology rather than paying 75% of billed charges:

"In the event there is no Medicare allowable amount for a billed service or supply code, Maximum Allowable Amount shall be the lesser of:
(1) the average amount negotiated with Participating Providers for similar Covered Services or Supplies provided;
(2) a designated percentile of FAIR Health database of professional and ancillary services or a method developed by Data iSight, a data service that applies a profit margin factor to the estimated costs of the services rendered, or a similar type of database or valuation service;
(3) an amount based on the Medicare allowable amount for a similar Covered Services or Supplies; or
(4) 50% of Out-of-Network Provider's billed charges for Covered Services.""

The default reimbursement methodology is still ambiguous and uncertain in the following respects:
(A) In #1, it is unclear why HNL would not use the negotiated rate for the same service or supply. Otherwise, HNL must explain how it will crosswalk the billed service to a "similar" service. Also, due to wide variation in the cost of medical care in the state, the rate should be anchored to the geographic region in which the service is delivered.
(B) In #2, the designated percentile of FAIR Health and the specific Data iSight method need to be specified.
(C) #3 is the original unaltered proposal, which still does not provide adequate specificity concerning HNL's methodology. What is the "amount" of the Medicare MAA HNL will pay? How is the billed charge cross-walked to a "similar" Medicare covered service or supply?

Please specify all of these details and base the estimate of the effect of changing the default methodology on the plan-adjusted index rate for each plan on the specific methodology proposed. CIC 10291.5(b)(1).

HN Response/ Comment: Please find within the attached 2017 IFP PPO policy that we have revised our definition of Maximum Allowable Amount (MAA) in response to the Department's request for clarity. Further, in response to your request/ inquiries regarding Health Net Life's (HNL) default reimbursement methodology (for instances where there is no Medicare allowable amount for a billed service or supply code and subsequently where MAA will be the lesser of MAA provision #5), please find our response to each of your bulleted inquiries and/ or concerns outlined below:

(A) Specific to MAA provision 5.1, please note that HNL will utilize our available negotiated rates, within the geographic region, for the codes on the "same" services/supplies in question. Please refer to our recently revised EOC language to support this modification.

(B) Specific to MAA provision 5.2, please note that HNL will utilize the 50th percentile of FAIR Health for professional services in consideration for establishing the MAA for the service or supply in question. Since FAIR Health does not provide facility pricing, the pricing derived from Data iSight will be used in consideration for establishing MAA for the facility service or supply in question. Data iSight establishes pricing on each individual claim relevant to the type of service, type of facility, and region for which the claim was billed. Please refer to our recently revised EOC language to support this modification.

(C) Specific to MAA provision 5.3, please note that the percentage ("amount") of Medicare will be determined based on the type of service in question (*The Maximum Allowable Amount for facility services, including but not limited to Hospital, Skilled Nursing Facility, and Outpatient Surgery, is determined by applying 150% of the Medicare allowable amount. Maximum Allowable Amount for Physician and all other types of services and supplies is the lesser of the billed charge or 100% of the Medicare allowable amount*). It is frequently the practice of Medicare to issue alternative HCPCS codes which are used for the same services defined under CPT codes. For example, drug testing/ toxicology screening codes. Medicare will issue pricing under the HCPCS code, but not the CPT code. HNL will utilize the pricing issued by Medicare as the basis for MAA for the equivalent CPT code.

Lastly, per the Department's request, please find embedded below an actuarial illustration of HNL's estimates of the effect of each MAA modification, on the plan-adjusted index rate, for each plan between the 2016 MAA provisions and the language proposed in our May 16th form filing submission.

	(1) Reducing the MAA for facility charges from 190% of the Medicare MAA to 150% of the Medicare MAA.	0.4%
	(2) Reducing the MAA for physician services from the 85th percentile of FAIR Health or a similar database to 100% of the Medicare MAA.	2.0%
	(3) Reducing the MAA for all other types of services from 190% of the Medicare MAA to 100% of the Medicare MAA.	1.0%
	(4) Adding a MAA for "covered outpatient pharmaceuticals … dispensed and administered to the patient, in an outpatient setting, including, but not limited to, Physician office, outpatient Hospital facilities, and services in the patient's home" of the lesser of billed charges or the "Average Wholesale Price" for the drug or medication.	0.1%
	(5) Using the following default reimbursement methodology rather than paying 75% of billed charges.	28.9%

Worksheet: Rate Changes

I. General Information

Company Name:	**Health Net Life Insurance**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. Annual Rate Increase Distribution by Members

Indicate the number of members in each annual rate increase band.

	Individual EPO	
Band	Recent Membership	Distribution of Members
x < 0%		0%
0% <= x < 5%		0%
5% <= x < 10%		0%
10% <= x < 15%		0%
15% <= x < 20%		0%
20% <= x <25%	3,979	100%
25% <= x <30%		0%
x >= 30%		0%
Total	3,979	100%

	Individual PPO	
Band	Recent Membership	Distribution of Members
x < 0%		0%
0% <= x < 5%		0%
5% <= x < 10%		0%
10% <= x < 15%	12,222	307%
15% <= x < 20%		0%
20% <= x <25%		0%
25% <= x <30%	14,315	360%
x >= 30%		0%
Total	26,537	667%

III. Filed Rate Changes

For each plan family, provide the average, minimum and maximum tabular rate changes proposed:

1) based on changes in the rate tables between the current submission and the prior rate filing;
2) for all filings (including the current submission) cumulatively during the 12-month period and 24-month period ending with the first renewal date affected by the current filing.

Weighting by: Select list ...

Plan Name	Standard Plan or Alternate Plan	Recent Membership Ending	Earned Premium Ending	Change in Table Rates: New vs. Prior Rate Filing: Excluding Benefit Changes	Change in Table Rates: New vs. Prior Rate Filing: Including Benefit Changes			Rate Change (including rate caps): 12-Month Period: Excluding Benefit Changes	Rate Change (including rate caps): 12-Month Period: Including Benefit Changes			Rate Change (including rate caps): 24-Month period: Excluding Benefit Changes	Rate Change (including rate caps): 24-Month period: Including Benefit Changes		
		MM/DD/YYYY		Average	Average	Minimum	Maximum	Average	Average	Minimum	Maximum	Average	Average	Minimum	Maximum
Platinum 90 PPO Off Exchange	Select list ...	4,748	$ 3,704,002	38.7%	28.0%	28.0%	28.0%	38.7%	28.0%	28.0%	28.0%	75.2%	61.6%	60.7%	62.8%
Gold 80 PPO Off Exchange	Select list ...	3,198	$ 2,119,321	38.0%	27.3%	27.3%	27.3%	38.0%	27.3%	27.3%	27.3%	71.0%	57.8%	56.7%	58.9%
Silver 70 PPO Off Exchange	Select list ...	6,369	$ 3,593,821	39.0%	28.3%	28.3%	28.3%	39.0%	28.3%	28.3%	28.3%	48.9%	37.4%	36.4%	38.3%
Bronze 60 PPO Off Exchange	Select list ...	10,318	$ 4,307,324	24.3%	14.7%	14.7%	14.7%	24.3%	14.7%	14.7%	14.7%	28.6%	18.6%	17.9%	19.4%
Minimum Coverage PPO Off Exchange	Select list ...	1,904	$ 370,005	24.3%	14.7%	14.7%	14.7%	24.3%	14.7%	14.7%	14.7%	47.3%	35.9%	35.3%	37.1%
Platinum 90 EPO On Exchange	Select list ...	147	$ 108,282	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	50.5%	50.5%	43.5%	59.0%
Gold 80 EPO On Exchange	Select list ...	156	$ 96,878	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	45.8%	45.8%	38.7%	55.1%
Silver 70 EPO On Exchange	Select list ...	1,476	$ 805,595	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	27.9%	27.9%	21.9%	35.0%
Bronze 60 EPO On Exchange	Select list ...	1,095	$ 427,468	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	21.8%	21.8%	15.9%	28.4%
Minimum Coverage EPO On Exchange	Select list ...	209	$ 41,908	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	39.1%	39.1%	31.9%	46.1%
Platinum 90 EPO Off Exchange	Select list ...	40	$ 18,950	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	50.5%	50.5%	43.5%	59.0%
Gold 80 EPO Off Exchange	Select list ...	83	$ 40,617	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	45.8%	45.8%	38.7%	55.1%
Silver 70 EPO Off Exchange	Select list ...	263	$ 119,739	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	23.9%	27.9%	27.9%	21.9%	35.0%
Bronze 60 EPO Off Exchange	Select list ...	385	$ 147,572	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	21.8%	21.8%	15.9%	28.4%
Minimum Coverage EPO Off Exchange	Select list ...	125	$ 21,193	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	39.1%	39.1%	31.9%	46.1%
	Select list ...														
	Select list ...														
	Select list ...														
	Select list ...														
	Select list ...														
	Select list ...														
	Select list ...														
	Select list ...														
Overall		30,516	$ 15,922,675	N/A	N/A			N/A	N/A			N/A	N/A		

Worksheet: Monthly Experience

I. General Information

Company Name:	**Health Net Life Insurance Company**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. Monthly Enrollment, Incurred Claims and Earned Premium in the market segment for Calculating Medical Loss Ratio per PPACA

Please show actual and projected members, incurred claims (in dollars before reinsurance recoveries), and earned premiums (in dollars) on a monthly basis. The data should include breakouts by non-grandfathered block, grandfathered (open) block, grandfathered (closed) block, association business,

Month (Enter date of the first month of experience period)	Experience / Projection	Open Plans									HIPPA / Conversion (Individual Only)			Others			Overall Plans		
		PPO			EPO														
		Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums
Jan-14	Experience	36,337	$ 14,922,619	$ 11,016,498	0	$ -	$ -				198	$ 161,730	$ 147,383				36,535	$ 15,084,350	$ 11,163,881
Feb-14	Experience	44,336	$ 19,657,672	$ 13,916,377	0	$ -	$ -				162	$ 370,365	$ 125,957				44,498	$ 20,028,037	$ 14,042,334
Mar-14	Experience	51,116	$ 23,905,113	$ 16,300,395	0	$ -	$ -				134	$ 180,246	$ 101,020				51,250	$ 24,085,359	$ 16,401,415
Apr-14	Experience	50,408	$ 25,876,453	$ 18,102,520	0	$ -	$ -				99	$ 220,359	$ 82,348				50,507	$ 26,096,811	$ 18,184,868
May-14	Experience	61,618	$ 31,929,829	$ 21,719,670	0	$ -	$ -				89	$ 112,658	$ 74,135				61,707	$ 32,042,487	$ 21,793,806
Jun-14	Experience	61,691	$ 34,751,872	$ 21,756,533	0	$ -	$ -				81	$ 302,088	$ 71,884				61,772	$ 35,053,960	$ 21,828,418
Jul-14	Experience	61,466	$ 34,015,379	$ 21,841,489	0	$ -	$ -				77	$ 293,567	$ 68,025				61,543	$ 34,308,946	$ 21,909,515
Aug-14	Experience	62,077	$ 33,438,830	$ 22,015,974	0	$ -	$ -				71	$ 168,407	$ 65,086				62,148	$ 33,607,237	$ 22,081,060
Sep-14	Experience	60,712	$ 32,711,993	$ 21,875,199	0	$ -	$ -				71	$ 211,552	$ 64,567				60,783	$ 32,923,545	$ 21,939,767
Oct-14	Experience	59,839	$ 33,902,364	$ 21,677,350	0	$ -	$ -				67	$ 251,912	$ 62,709				59,906	$ 34,154,276	$ 21,740,059
Nov-14	Experience	58,659	$ 31,345,756	$ 21,344,811	0	$ -	$ -				66	$ 200,561	$ 61,133				58,725	$ 31,546,317	$ 21,405,943
Dec-14	Experience	57,004	$ 35,433,004	$ 20,651,079	0	$ -	$ -				64	$ 121,464	$ 59,819				57,068	$ 35,554,468	$ 20,710,898
Jan-15	Experience	33,252	$ 23,946,818	$ 14,101,438	2,465	$ 2,616,317	$ 1,223,947				61	$ 234,912	$ 57,413				35,778	$ 26,798,047	$ 15,382,797
Feb-15	Experience	33,164	$ 24,114,231	$ 14,101,205	2,826	$ 2,824,402	$ 1,370,627				61	$ 72,675	$ 56,336				36,051	$ 27,011,308	$ 15,528,169
Mar-15	Experience	34,726	$ 34,503,802	$ 14,673,201	3,576	$ 2,225,407	$ 1,642,056				57	$ 152,928	$ 52,517				38,359	$ 36,882,137	$ 16,367,774
Apr-15	Experience	34,025	$ 31,788,518	$ 14,467,320	3,580	$ 1,986,710	$ 1,642,811				55	$ 104,001	$ 51,501				37,660	$ 33,879,230	$ 16,161,632
May-15	Experience	33,697	$ 31,544,773	$ 14,349,111	3,575	$ 1,514,871	$ 1,637,641				54	$ 131,194	$ 51,474				37,326	$ 33,190,839	$ 16,038,225
Jun-15	Experience	33,498	$ 32,124,663	$ 14,296,374	3,562	$ 2,271,360	$ 1,623,390				53	$ 147,774	$ 49,635				37,113	$ 34,543,797	$ 15,969,400
Jul-15	Experience	33,460	$ 35,647,649	$ 14,287,777	3,506	$ 1,979,393	$ 1,601,306				51	$ 100,960	$ 48,702				37,017	$ 37,728,002	$ 15,937,786
Aug-15	Experience	33,494	$ 35,933,920	$ 14,310,042	3,489	$ 2,309,416	$ 1,585,728				51	$ 268,521	$ 48,576				37,034	$ 38,511,857	$ 15,944,347
Sep-15	Experience	33,430	$ 43,850,118	$ 14,154,390	3,441	$ 3,106,341	$ 1,552,293				50	$ 92,298	$ 46,381				36,921	$ 47,048,756	$ 15,753,063
Oct-15	Experience	33,186	$ 59,107,247	$ 14,160,037	3,383	$ 1,997,216	$ 1,523,854				48	$ 114,913	$ 43,843				36,617	$ 61,219,375	$ 15,727,734
Nov-15	Experience	33,216	$ 54,104,214	$ 14,206,550	3,386	$ 2,122,197	$ 1,516,074				47	$ 76,937	$ 43,209				36,649	$ 56,303,347	$ 15,765,833
Dec-15	Experience	32,882	$ 41,334,965	$ 13,922,664	3,350	$ 1,886,551	$ 1,494,886				46	$ 95,862	$ 43,208				36,278	$ 43,317,378	$ 15,460,759
Jan-16	Experience	25,893	$ 33,238,492	$ 13,115,329	3,941	$ 2,406,698	$ 1,939,911				40	$ 52,123	$ 38,083				29,874	$ 35,697,313	$ 15,093,323
Feb-16	Experience	25,696	$ 23,197,366	$ 12,428,604	4,553	$ 3,209,090	$ 2,234,666				40	$ 69,490	$ 38,238				30,289	$ 26,475,945	$ 14,701,509
Mar-16	Experience	23,522	$ 22,798,745	$ 12,386,526	5,168	$ 3,718,055	$ 2,501,700				38	$ 77,621	$ 37,523				28,728	$ 26,594,421	$ 14,925,749
Apr-16	Experience	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
May-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Jun-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Jul-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Aug-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Sep-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Oct-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Nov-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Dec-16	Projection	22,829	$ 21,025,527	$ 11,935,409	5,169	$ 2,662,269	$ 2,517,255				38	$ 94,502	$ 36,916				28,036	$ 23,782,298	$ 14,489,580
Jan-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Feb-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Mar-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Apr-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
May-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Jun-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Jul-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Aug-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Sep-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Oct-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Nov-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091
Dec-17	Projection	15,962	$ 8,958,463	$ 10,578,983	2,122	$ 1,656,346	$ 1,331,191				38	$ 94,502	$ 36,916				18,122	$ 10,709,311	$ 11,947,091

Annual		Open Plans									HIPPA / Conversion (Individual Only)			Others			Overall Plans		
		PPO			EPO			0											
		Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums
Jan-2014 - Dec-2014	Experience	665,263	$ 351,890,884	$ 232,217,896	0	$ -	$ -	0	$ -	$ -	1,179	$ 2,594,909	$ 984,067	0	$ -	$ -	666,442	$ 354,485,793	$ 233,201,963
Jan-2015 - Dec-2015	Experience	402,030	$ 448,000,918	$ 171,030,110	40,139	$ 26,840,181	$ 18,414,613	0	$ -	$ -	634	$ 1,592,974	$ 592,796	0	$ -	$ -	442,803	$ 476,434,074	$ 190,037,519
Jan-2016 - Dec-2016	Exp & Proj	280,572	$ 268,464,344	$ 145,349,142	60,183	$ 33,294,260	$ 29,331,569	0	$ -	$ -	460	$ 1,049,753	$ 446,091	0	$ -	$ -	341,215	$ 302,808,357	$ 175,126,802
Jan-2017 - Dec-2017	Projection	191,545	$ 107,501,558	$ 126,947,801	25,458	$ 19,876,153	$ 15,974,292	0	$ -	$ -	456	$ 1,134,026	$ 442,996	0	$ -	$ -	217,459	$ 128,511,737	$ 143,365,089

Worksheet: Medical Loss Ratio Calculation

I. General Information

Company Name:	**Health Net Life Insurance**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. Medical Loss Ratio per PPACA

Please provide a Medical Loss Ratio (MLR) exhibit according to the guidance issued by HHS. Provide ACA allowable adjustments to claims and premiums. The MLR exhibit shows actual experience and the prospective experience of the market segment relevant to plans being filed (i.e. all plans, including those not included in the current filing). All plans will be aggregated for the purposes of MLR calculation. For the purpose of this exhibit, the MLR will be calculated in accordance with the HHS regulation but without adjustment for credibility.

a) ACA-Allowable Adjustments (in dollars)

Year		2014	2015	2016	2017
Experience/Projection		Experience	Experience	Exp & Proj	Projection
Member Months		666,442	442,803	341,215	217,459
Incurred Claims		$ 354,485,793	$ 476,434,074	$ 302,808,357	$ 128,511,737
Earned Premium		$ 233,201,963	$ 190,037,519	$ 175,126,802	$ 143,365,089
Unadjusted MLR		**152.0%**	**250.7%**	**172.9%**	**89.6%**
ACA-Allowable Adjustments to MLR Numerator	Improving Health Care Quality Expenses (158.150, 158.151)	$ (2,508,726)	$ (3,371,765)	$ (2,143,001)	$ (909,489)
	Risk Adjustment Payments				
	Risk Corridor Payments				
	Risk Adjustment Receipts	$ 53,801,059	$ 35,615,504	$ 61,847,033	$ 41,849,925
	Risk Corridor Receipts				
	Reinsurance Receipts	$ 96,305,760	$ 63,752,987	$ 39,996,548	
	Other (Please specify)*	$ 2,605,486	$ 1,724,793	$ 376,788	$ 654,025
	Total Numerator Adjustments	$ (150,010,059)	$ (101,015,462)	$ (103,609,794)	$ (42,105,388)
ACA Adjusted Numerator		$ 204,475,735	$ 375,418,612	$ 199,198,563	$ 86,406,348
ACA-Allowable Adjustments to Denominator	Premium Tax	$ 5,480,246	$ 4,465,882	$ 4,115,480	
	Federal Income Tax				
	Payroll Tax	$ 466,404	$ 380,075		
	Reinsurance Contribution	$ 3,498,821	$ 1,625,087	$ 767,734	
	Insurer Fee	$ 5,760,088	$ 4,693,927	$ 4,325,632	
	PCORI	$ 113,295	$ 75,277	$ 58,007	$ 39,241
	Exchange Fees	$ 3,933,733	$ 524,436	$ 626,536	$ 622,234
	Other (Please specify)*	$ 99,966	$ 66,420	$ 51,182	$ 32,619
	Total Denominator Adjustments	$ 19,352,553	$ 11,831,104	$ 9,944,571	$ 694,095
ACA Adjusted Denominator		$ 213,849,410	$ 178,206,416	$ 165,182,231	$ 142,670,994
ACA Adjusted MLR		**95.6%**	**210.7%**	**120.6%**	**60.6%**

*If "Other" categories are used above and more space is needed to describe, please use the space below to provide a description.

Adjustments to Numerator
Other:

CSR Receivables

Adjustments to Denominator
Other:

Risk Adjustment Fee

Worksheet: Retention

I. General Information

Company Name:	**Health Net Life Insurance**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. Retention

Please allocate the retention used in pricing according to the categories below as a percent of premium and/or PMPM.
Please provide additional retention tables if there are plans with significantly different cost structures.

Average Premium PMPM: $658.62

Taxes/Fees	**% of Premium**	**PMPM**
ACA Insurer	0.00%	$0.00
PCORI	0.03%	$0.18
Risk Adjustment User	0.02%	$0.15
Exchange Fee	0.44%	$2.87
Reinsurance Contributions	0.00%	$0.00
Premium Tax	0.00%	$0.00
Other (Please specify)*		
Total	**0.49%**	**$3.20**

Company Expenses	**% of Premium**	**PMPM**
Commissions	1.22%	$8.04
Administrative	5.29%	$34.85
Quality Improvement	0.71%	$4.66
Other 1 (Please specify)*		
Other 2 (Please specify)*		
Other 3 (Please specify)*		
Total	**7.22%**	**$47.55**

Margin	**% of Premium**	**PMPM**
Pre-tax Margin	**2.47%**	**$16.30**
Federal Income Tax	1.40%	$9.25
Post-tax Margin	1.07%	$7.05

All Retention	**10.18%**
Target LR	**89.82%**

All Retention	**10.18%**
Target LR	**89.82%**

Taxes/Fees	**% of Premium**	**PMPM**
ACA Insurer	0.00%	$0.00
PCORI	0.03%	$0.18
Risk Adjustment User	0.02%	$0.15
Exchange Fee	0.44%	$2.87
Reinsurance Contributions	0.00%	$0.00
Premium Tax	0.00%	$0.00
Other (Please specify)*	0.00%	$0.00
Total	**0.49%**	**$3.20**

Company Expenses	**% of Premium**	**PMPM**
Commissions	1.22%	$8.04
Administrative	5.29%	$34.85
Quality Improvement	0.71%	$4.66
Other 1 (Please specify)*	0.00%	$0.00
Other 2 (Please specify)*	0.00%	$0.00
Other 3 (Please specify)*	0.00%	$0.00
Total	**7.22%**	**$47.55**

Margin	**% of Premium**	**PMPM**
Pre-tax Margin	**2.47%**	**$16.30**
Federal Income Tax	1.40%	$9.25
Post-tax Margin	1.07%	$7.05

*If "Other" categories are used above and more space is needed to describe, please use the space below to provide description.

Taxes/Fees
Other:

Company Expenses
Other 1:

Other 2:

Other 3:

Worksheet: Trend

I. General Information

Company Name:	**Health Net Life Insurance Company**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. Trend

Secular Trend Detail. Provide the historical annual allowed cost trend attributable to utilization and unit cost by aggregate benefit category.
Please see tab "historical trends" for detail by month
2015/2014 experienced 91.3% normalized trend due to the issue of Substance Abuse
2016/2015 is still developing. As of April 2016, the 12 month rolling trend is 77.9%
We will follow up with a trend by metal tier, product and IN/Out of Network as requested by the CDI

1. Allowed Cost Trend

	Beginning Period		Ending Period	
Year 1	1/1/2013	12/31/2013	1/1/2014	12/31/2014
Year 2	1/1/2014	12/31/2014	1/1/2015	12/31/2015
Year 3	1/1/2015	12/31/2015	1/1/2016	12/31/2016

	Year 1				Year 2				Year 3			
Aggregate Benefit Category	**Utilization**	**Unit Cost**	**Total**	**Weighting***	**Utilization**	**Unit Cost**	**Total**	**Weighting***	**Utilization**	**Unit Cost**	**Total**	**Weighting***
Hospital Inpatient	N/A: Non-ACA Experience											
Hospital Outpatient (including ER)												
Physician/Other Professional Services												
Prescription Drug												
Laboratory (other than inpatient)												
Radiology (other than inpatient)												
Other (describe)												
Overall Medical Trend							91.3%				77.9%	

*Weighting method should be based on allowed costs

2. Leverage Component of Trend

% Percent

3. State the degree of credibility of experience data used in estimating cost trend. If not fully credible, please substantiate.

Worksheet: Risk Adjustment

I. General Information

Company Name:	**Health Net Life Insurance**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. HHS Risk Adjustment Transfer

The HHS risk adjustment transfer formula published in HHS's final rules (March 11, 2013) is considered when estimating transfer payments/charges.

Please explain and provide the development of risk adjustment revenue for all plans, along with the assumptions related to plan, risk scores and other cost factor adjustments used to estimate payment transfers, if they have not already been included in the Actuarial Memorandum.

Worksheet: Other Information

I. General Information

Company Name:	**Health Net Life Insurance**	SERFF Tracking Number:	**HNLI-130544448**
Effective Date:	**1/1/2017**	State Tracking Number:	**HAO-2016-0086**
Market Segment:	**Individual**	Review Category:	**Filing for Existing Plan**

II. Supplemental Information Request

Use a separate spreadsheet to show the information, if applicable.

a) (Individual Plans Only) Lifetime Loss Ratios. Provide the lifetime loss ratio exhibit in a separate spreadsheet, including necessary formulas, to show that the rates in this filing are in compliance with the minimum lifetime loss ratio standard set in Title 10, California Code of Regulations, Section 2222.12. Describe the assumptions used in the projection, including lapse rates, trend, rates of premium increase, etc.

Response: We do not believe this is applicable to ACA IFP rate filings.

b) Pursuant to Section A of Guidance 1163:2, provide the following information for three (3) calendar years (2013, 2014, 2015) prior to the effective date of this rate filing, if you have not provided in the filing:

1. The nature and amount of transactions between the filing insurer and any affiliates.

Response: Please see annual statement schedule Y.

2. The post-tax statutory net income, statutory capital and surplus, and RBC authorized control level anticipated for the company and its parent company.

Response: Please see annual statement.

3. Dividends paid to shareholders and by the filing insurer to the parent company, if applicable.

Response: Please see annual statement.

4. The annual compensation of each of the 10 most highly paid executives of both the insurer submitting the rate filing

Response: Please see supplemental compensation exhibit filed with the CDI

Please identify which regions the PPO and EPO will be offered:

*cells shaded in red have been corrected

Rating Region		2016			2017		
		PPO	EPO		PPO	EPO	
		Off	Off	On	Off	Off	On
1	Rural North/ Sierra						
2	Wine country	x	x	x	x	x	x
3	Greater Sacramento Region						
4	San Francisco	x	x	x	x	x	x
5	Contra Costa	x	x	x	x	x	x
6	Alameda						
7	Santa Clara	x	x		x	x	
8	San Mateo	x	x	x	x	x	x
9	Santa Cruz	x	x	x	x	x	x
10	Central Valley	x	x	x	x	x	x
11	Central Valley2						
12	South Coast						
13	Southern Desert						
14	Kern	x	x		x	x	
15	Los Angeles East	x	x		x	x	
16	Los Angeles West						
17	Inland Empire	x	x		x	x	
18	Orange County	x	x		x	x	
19	San Diego	x	x		x	x	

Please fill in your pricing trend assumptions for 2017:

	2016 Rate Filing			*2017 Rate Filing*			
Aggregate Benefit Category	**Util Rate**	**Unit Cost**	**Total**	**Util Rate**	**Unit Cost**	**Total**	
Hospital Inpatient	0.60%	5.00%	5.60%	1.71%	6.10%	7.92%	$351.87
Hospital Outpatient	0.60%	5.00%	5.70%	1.71%	5.96%	7.77%	$145.19
Physician / Other Professional Services	0.60%	4.20%	4.90%	1.71%	5.52%	7.32%	$844.58
Prescription Drug	0.70%	9.80%	10.60%	0.00%	11.00%	11.00%	$147.86
Other	0.60%	4.20%	4.90%	1.71%	4.08%	5.87%	$21.78
Allowed medical trend	**0.60%**	**5.20%**	**5.90%**	**1.55%**	**6.21%**	**7.84%**	$1,511.29
Leveraging			0.70%		incl in AV	0.00%	
Overall Medical Trend			**6.60%**			**7.84%**	

CA IFP 2014/01 - 2016/04 Experience

See <Notes> tab for items with an asterisk

State:	CA	**Plan Type:**	All	**Trends On:**	Paid
Segment:	IFP	**Metal:**	All		
SBG Breakout:	All	**Exchange:**	All		
Product:	All	**CalChoice:**	All		
HMO/PPO:	PPO	**CSR:**	All		
Region*:	All	**Contract Type:**	All		
		Network:	All		
		CA OOS PPO:	All		

				Medical Claims		Behavorial Health Claims		Pharmacy Claims		Normalized						Pricing Factors					Risk Adjustment					
Year/Month	Members	Subscribers	Revenue PMPM	Paid	Allowed	Paid	Allowed	Paid	Allowed	Normalized Alwd Claims	YTD Alwd Trend	1-Month	3-Month	6-Month	12-Month	Historical Rating Area	2016 Q1 Rating Area	ACA Age	Milliman Age	Plan AV*	PLRS*	GCF*	IDF	ARF	AV	Estimated Risk Adj*
2014/01	36,337	24,138	303.18	371.20	479.26	8.62	10.65	30.86	48.48	555.38						1.012	1.133	1.452	1.085	0.661	1.468	1.003	1.023	1.540	0.653	108.84
2014/02	44,336	29,371	313.88	395.98	486.79	10.66	13.12	36.74	53.81	570.14						1.010	1.136	1.453	1.085	0.659	1.426	0.998	1.023	1.507	0.654	103.60
2014/03	51,116	33,597	318.89	405.80	508.22	17.82	20.66	44.04	61.10	606.00						1.010	1.138	1.454	1.086	0.659	1.399	0.998	1.023	1.495	0.654	97.48
2014/04	50,408	32,656	359.12	434.43	549.55	18.20	21.89	60.71	80.57	647.98						1.015	1.145	1.497	1.115	0.655	1.375	1.001	1.024	1.493	0.655	89.89
2014/05	61,618	40,487	352.49	439.60	543.63	20.47	24.38	58.12	75.79	648.81						1.015	1.144	1.479	1.100	0.653	1.292	1.002	1.023	1.474	0.652	72.65
2014/06	61,691	40,292	352.67	478.67	573.04	21.84	25.72	62.82	80.70	681.87						1.016	1.145	1.485	1.104	0.654	1.310	1.003	1.023	1.476	0.653	77.27
2014/07	61,466	39,799	355.34	465.84	563.72	23.86	27.46	63.70	80.89	670.72						1.017	1.146	1.491	1.109	0.655	1.322	1.005	1.024	1.479	0.655	78.85
2014/08	62,077	40,089	354.66	457.45	547.70	20.96	23.41	60.25	76.75	645.78						1.018	1.146	1.492	1.110	0.656	1.327	1.006	1.024	1.476	0.656	80.53
2014/09	60,712	38,994	360.31	449.99	541.85	24.39	28.09	64.43	80.09	643.56						1.018	1.147	1.501	1.117	0.657	1.347	1.007	1.024	1.482	0.657	84.22
2014/10	59,839	38,308	362.26	458.08	553.05	34.75	38.84	73.73	91.17	673.52						1.019	1.148	1.506	1.121	0.658	1.353	1.008	1.025	1.483	0.658	85.08
2014/11	58,659	37,423	363.88	410.28	495.26	53.55	58.58	70.54	86.63	629.12						1.019	1.148	1.512	1.125	0.659	1.356	1.008	1.026	1.486	0.660	84.38
2014/12	57,004	36,221	362.27	476.00	568.63	57.07	62.27	88.51	105.89	720.22						1.020	1.148	1.519	1.130	0.661	1.359	1.009	1.026	1.489	0.662	83.29
2015/01	35,717	22,312	429.08	557.41	680.05	102.55	125.28	83.70	112.62	917.17	165.1%	165.1%				1.027	1.155	1.452	1.086	0.686	1.441	1.018	1.036	1.457	0.685	85.10
2015/02	35,990	22,438	429.89	509.41	621.94	156.47	180.13	82.56	104.96	904.65	161.7%	158.7%				1.031	1.155	1.457	1.088	0.686	1.491	1.026	1.036	1.458	0.684	99.87
2015/03	38,302	24,067	425.96	555.36	676.91	314.30	350.22	89.20	111.25	1,140.12	170.8%	188.1%	170.8%			1.034	1.154	1.451	1.084	0.686	1.507	1.031	1.036	1.449	0.684	105.52
2015/04	37,605	23,518	428.40	508.40	615.63	291.29	313.58	98.39	119.49	1,047.93	167.9%	161.7%	169.5%			1.034	1.154	1.455	1.086	0.686	1.533	1.033	1.036	1.450	0.684	114.06
2015/05	37,272	23,268	428.92	521.26	621.14	269.95	287.33	95.70	115.65	1,022.86	165.0%	157.7%	168.6%			1.034	1.154	1.457	1.086	0.686	1.543	1.033	1.036	1.448	0.685	117.62
2015/06	37,060	23,061	429.57	540.67	643.49	279.97	304.34	107.40	127.33	1,073.28	163.0%	157.4%	158.7%	163.0%		1.034	1.154	1.458	1.087	0.686	1.550	1.032	1.036	1.446	0.685	120.18
2015/07	36,966	22,983	429.83	513.06	609.14	390.14	423.69	114.61	133.37	1,164.09	164.3%	173.6%	162.9%	165.2%		1.034	1.154	1.458	1.087	0.687	1.546	1.032	1.037	1.443	0.686	118.59
2015/08	36,983	22,959	429.81	479.68	569.83	446.19	484.77	108.13	126.44	1,179.53	166.5%	182.7%	171.0%	169.5%		1.034	1.153	1.458	1.087	0.689	1.550	1.032	1.038	1.439	0.688	120.09
2015/09	36,871	22,947	425.99	531.16	620.88	633.23	687.26	109.07	126.58	1,435.36	172.9%	223.0%	192.8%	175.6%		1.033	1.153	1.457	1.086	0.690	1.562	1.031	1.039	1.435	0.690	124.20
2015/10	36,569	22,826	428.88	658.90	760.56	906.30	974.25	105.66	123.07	1,861.05	183.5%	276.3%	227.9%	194.9%		1.032	1.151	1.460	1.086	0.693	1.574	1.031	1.040	1.435	0.693	124.96
2015/11	36,602	22,976	429.56	566.21	658.05	867.87	944.91	102.01	117.52	1,726.30	191.6%	274.4%	257.9%	213.7%		1.032	1.150	1.462	1.086	0.695	1.569	1.030	1.041	1.433	0.695	122.62
2015/12	36,232	22,801	425.52	557.33	650.98	517.49	570.61	118.02	135.41	1,362.46	191.3%	189.2%	245.0%	219.2%	191.3%	1.032	1.148	1.467	1.087	0.698	1.545	1.031	1.043	1.435	0.698	113.22
2016/01	29,834	18,733	504.63	697.19	849.81	407.81	569.34	89.71	113.51	1,507.09	164.3%	164.3%	209.8%	219.3%	192.4%	1.125	1.125	1.484	1.092	0.705	-	-	-	-	-	-
2016/02	30,249	19,036	484.75	663.30	801.85	111.13	137.57	98.45	120.96	1,040.83	139.7%	115.1%	158.1%	207.7%	189.0%	1.128	1.128	1.485	1.091	0.705	-	-	-	-	-	-
2016/03	28,690	17,465	518.93	729.13	894.31	76.92	102.71	118.10	142.21	1,094.73	122.6%	96.0%	122.6%	182.9%	180.3%	1.138	1.138	1.498	1.105	0.697	-	-	-	-	-	-
2016/04	27,998	16,861	516.20	713.44	981.97	101.16	172.84	85.05	101.34	1,367.46	124.5%	130.5%	112.6%	158.7%	177.9%	1.000	1.000	1.505	1.110	0.694	-	-	-	-	-	-
CY 2014	665,263	431,375	349.06	440.83	537.58	26.97	30.62	61.15	78.39	646.04						1.016	1.144	1.489	1.109	0.657	1.351	1.005	1.024	1.486	0.656	85.03
CY 2015	442,169	276,156	428.44	541.43	643.91	431.17	470.34	101.22	121.14	1,235.90						1.033	1.153	1.458	1.086	0.689	1.535	1.030	1.038	1.444	0.688	113.91
YTD 2016	116,771	72,095	505.77	700.15	880.00	176.13	247.78	97.83	119.57	1,251.52						1.099	1.099	1.493	1.100	0.700						

CA IFP PPO 2014/01 - 2016/04 Experience

See <Notes> tab for items with an asterisk

State:	CA	**Plan Type:**	All	**Trends On:**	Paid
Segment:	IFP	**Metal:**	All		
SBG Breakout:	All	**Exchange:**	All		
Product:	PPO	**CalChoice:**	All		
HMO/PPO:	PPO	**CSR:**	All		
Region*:	All	**Contract Type:**	All		
		Network:	All		
		CA OOS PPO:	All		

				Medical Claims		Behavorial Health Claims		Pharmacy Claims		Normalized						Pricing Factors					Risk Adjustment					
Year/Month	Members	Subscribers	Revenue PMPM	Paid	Allowed	Paid	Allowed	Paid	Allowed	Normalized Alwd Claims	YTD Alwd Trend	1-Month	3-Month	6-Month	12-Month	Historical Rating Area	2016 Q1 Rating Area	ACA Age	Milliman Age	Plan AV*	PLRS*	GCF*	IDF	ARF	AV	Estimated Risk Adj*
2014/01	36,337	24,138	303.18	371.20	479.26	8.62	10.65	30.86	48.48	555.38						1.012	1.133	1.452	1.085	0.661	1.468	1.003	1.023	1.540	0.653	108.84
2014/02	44,336	29,371	313.88	395.98	486.79	10.66	13.12	36.74	53.81	570.14						1.010	1.136	1.453	1.085	0.659	1.426	0.998	1.023	1.507	0.654	103.60
2014/03	51,116	33,597	318.89	405.80	508.22	17.82	20.66	44.04	61.10	606.00						1.010	1.138	1.454	1.086	0.659	1.399	0.998	1.023	1.495	0.654	97.48
2014/04	50,408	32,656	359.12	434.43	549.55	18.20	21.89	60.71	80.57	647.98						1.015	1.145	1.497	1.115	0.655	1.375	1.001	1.024	1.493	0.655	89.89
2014/05	61,618	40,487	352.49	439.60	543.63	20.47	24.38	58.12	75.79	648.81						1.015	1.144	1.479	1.100	0.653	1.292	1.002	1.023	1.474	0.652	72.65
2014/06	61,691	40,292	352.67	478.67	573.04	21.84	25.72	62.82	80.70	681.87						1.016	1.145	1.485	1.104	0.654	1.310	1.003	1.023	1.476	0.653	77.27
2014/07	61,466	39,799	355.34	465.84	563.72	23.86	27.46	63.70	80.89	670.72						1.017	1.146	1.491	1.109	0.655	1.322	1.005	1.024	1.479	0.655	78.85
2014/08	62,077	40,089	354.66	457.45	547.70	20.96	23.41	60.25	76.75	645.78						1.018	1.146	1.492	1.110	0.656	1.327	1.006	1.024	1.476	0.656	80.53
2014/09	60,712	38,994	360.31	449.99	541.85	24.39	28.09	64.43	80.09	643.56						1.018	1.147	1.501	1.117	0.657	1.347	1.007	1.024	1.482	0.657	84.22
2014/10	59,839	38,308	362.26	458.08	553.05	34.75	38.84	73.73	91.17	673.52						1.019	1.148	1.506	1.121	0.658	1.353	1.008	1.025	1.483	0.658	85.08
2014/11	58,659	37,423	363.88	410.28	495.26	53.55	58.58	70.54	86.63	629.12						1.019	1.148	1.512	1.125	0.659	1.356	1.008	1.026	1.486	0.660	84.38
2014/12	57,004	36,221	362.27	476.00	568.63	57.07	62.27	88.51	105.89	720.22						1.020	1.148	1.519	1.130	0.661	1.359	1.009	1.026	1.489	0.662	83.29
2015/01	33,252	20,699	424.08	525.30	652.14	109.71	134.02	85.15	115.16	899.85	162.0%	162.0%				1.016	1.150	1.434	1.072	0.688	1.440	1.004	1.037	1.438	0.687	88.19
2015/02	33,164	20,574	425.20	473.33	588.56	169.78	195.45	84.01	106.75	888.72	158.7%	155.9%				1.019	1.150	1.437	1.074	0.688	1.494	1.011	1.037	1.438	0.687	103.95
2015/03	34,726	21,618	422.54	554.64	681.04	346.61	386.23	92.35	115.09	1,184.19	171.4%	195.4%	171.4%			1.020	1.149	1.431	1.071	0.689	1.525	1.015	1.038	1.429	0.688	113.34
2015/04	34,025	21,067	425.20	511.01	622.20	321.39	345.95	101.87	123.50	1,091.29	170.1%	168.4%	173.4%			1.021	1.149	1.435	1.073	0.689	1.553	1.016	1.038	1.429	0.688	122.59
2015/05	33,697	20,833	425.83	538.77	643.12	298.52	317.74	98.84	119.39	1,079.25	168.5%	166.3%	176.2%			1.021	1.149	1.436	1.073	0.689	1.563	1.016	1.038	1.427	0.688	126.50
2015/06	33,498	20,632	426.78	539.42	645.96	308.88	335.84	110.71	131.05	1,111.08	166.8%	162.9%	165.7%	166.8%		1.021	1.149	1.437	1.074	0.690	1.574	1.016	1.038	1.425	0.689	129.81
2015/07	33,460	20,585	427.01	518.72	617.79	429.87	466.93	116.79	135.81	1,218.62	168.8%	181.7%	170.3%	170.8%		1.021	1.149	1.438	1.074	0.691	1.570	1.016	1.039	1.423	0.690	128.80
2015/08	33,494	20,588	427.24	472.45	566.33	492.61	535.21	107.79	126.31	1,225.87	171.4%	189.8%	177.9%	176.7%		1.020	1.148	1.438	1.075	0.692	1.578	1.015	1.040	1.420	0.691	131.20
2015/09	33,430	20,611	423.40	502.47	596.20	698.04	757.63	111.19	129.04	1,482.22	177.9%	230.3%	200.3%	182.9%		1.020	1.148	1.439	1.074	0.694	1.593	1.015	1.041	1.417	0.694	136.29
2015/10	33,186	20,529	426.69	676.51	783.44	998.67	1,073.53	105.92	123.65	1,983.04	189.9%	294.4%	238.9%	204.1%		1.019	1.146	1.442	1.074	0.697	1.607	1.014	1.042	1.416	0.697	137.23
2015/11	33,216	20,683	427.70	568.73	665.48	956.32	1,041.22	103.81	119.64	1,831.85	198.9%	291.2%	272.0%	224.2%		1.018	1.144	1.443	1.073	0.699	1.602	1.013	1.044	1.415	0.700	134.67
2015/12	32,882	20,540	423.41	568.18	666.86	570.20	628.74	118.69	136.16	1,438.47	198.9%	199.7%	260.0%	230.5%	198.9%	1.018	1.142	1.447	1.074	0.702	1.575	1.014	1.045	1.417	0.703	124.16
2016/01	25,893	16,077	506.52	727.13	891.42	468.45	654.41	88.11	112.70	1,635.95	181.8%	181.8%	225.8%	233.0%	201.9%	1.109	1.109	1.457	1.072	0.709	-	-	-	-	-	-
2016/02	25,696	15,977	483.68	673.62	821.96	129.48	160.60	99.66	123.13	1,090.68	152.6%	122.7%	171.2%	222.7%	199.9%	1.111	1.111	1.456	1.071	0.709	-	-	-	-	-	-
2016/03	23,522	13,950	526.59	752.42	930.14	93.31	124.74	123.52	149.40	1,161.83	130.9%	98.1%	130.9%	197.0%	191.1%	1.119	1.119	1.470	1.086	0.700	-	-	-	-	-	-
2016/04	22,829	13,361	522.82	776.00	1,075.17	123.79	211.59	87.08	104.54	1,495.70	132.2%	137.1%	117.5%	170.2%	188.9%	1.000	1.000	1.476	1.091	0.697	-	-	-	-	-	-
CY 2014	665,263	431,375	349.06	440.83	537.58	26.97	30.62	61.15	78.39	646.04						1.016	1.144	1.489	1.109	0.657	1.351	1.005	1.024	1.486	0.656	85.03
CY 2015	402,030	248,959	425.42	537.37	644.07	473.92	516.98	103.05	123.43	1,284.92						1.019	1.148	1.438	1.073	0.692	1.556	1.014	1.040	1.425	0.692	123.05
YTD 2016	97,940	59,365	509.15	730.56	925.32	209.08	294.43	99.40	122.35	1,346.33						1.086	1.086	1.464	1.080	0.704						

CA IFP EPO 2014/01 - 2016/04 Experience

See <Notes> tab for items with an asterisk

State:	CA	**Plan Type:**	All	**Trends On:**	Paid
Segment:	IFP	**Metal:**	All		
SBG Breakout:	All	**Exchange:**	All		
Product:	EPO	**CalChoice:**	All		
HMO/PPO:	PPO	**CSR:**	All		
Region*:	All	**Contract Type:**	All		
		Network:	All		
		CA OOS PPO:	All		

				Medical Claims		Behavorial Health Claims		Pharmacy Claims		Normalized						Pricing Factors					Risk Adjustment					
Year/Month	Members	Subscribers	Revenue PMPM	Paid	Allowed	Paid	Allowed	Paid	Allowed	Normalized Alwd Claims	YTD Alwd Trend	1-Month	3-Month	6-Month	12-Month	Historical Rating Area	2016 Q1 Rating Area	ACA Age	Milliman Age	Plan AV*	PLRS*	GCF*	IDF	ARF	AV	Estimated Risk Adj*
2014/01	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/02	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/03	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/04	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/05	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/06	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/07	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/08	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/09	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/10	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/11	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2014/12	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
2015/01	2,465	1,613	496.53	990.57	1,056.55	5.97	7.48	64.11	78.40	1,095.43	0.0%	0.0%				1.171	1.211	1.706	1.262	0.664	1.449	1.200	1.022	1.706	0.659	43.78
2015/02	2,826	1,864	485.01	932.89	1,013.61	0.28	0.30	65.52	83.93	1,064.19	0.0%	0.0%				1.171	1.211	1.689	1.248	0.663	1.452	1.200	1.022	1.687	0.658	52.29
2015/03	3,576	2,449	459.19	562.35	636.82	0.54	0.60	58.63	74.02	715.93	0.0%	0.0%	0.0%			1.164	1.204	1.646	1.210	0.657	1.340	1.190	1.019	1.641	0.651	30.14
2015/04	3,580	2,451	458.89	483.56	553.19	5.21	5.93	65.38	81.42	643.12	0.0%	0.0%	0.0%			1.164	1.203	1.651	1.213	0.657	1.353	1.190	1.019	1.643	0.651	33.54
2015/05	3,575	2,435	458.08	356.30	413.92	0.58	0.61	66.07	80.48	497.99	0.0%	0.0%	0.0%			1.163	1.203	1.652	1.212	0.656	1.352	1.189	1.019	1.640	0.650	34.51
2015/06	3,562	2,429	455.75	552.46	620.27	8.09	8.09	76.30	92.35	725.41	0.0%	0.0%	0.0%	0.0%		1.163	1.203	1.651	1.211	0.656	1.331	1.190	1.019	1.636	0.649	30.15
2015/07	3,506	2,398	456.73	459.09	526.59	10.94	11.09	93.73	110.07	650.21	0.0%	0.0%	0.0%	0.0%		1.163	1.203	1.655	1.214	0.656	1.314	1.190	1.019	1.636	0.649	21.75
2015/08	3,489	2,371	454.49	549.08	603.44	0.56	0.60	111.45	127.74	737.82	0.0%	0.0%	0.0%	0.0%		1.163	1.203	1.649	1.209	0.657	1.286	1.190	1.019	1.626	0.651	14.13
2015/09	3,441	2,336	451.12	809.91	860.63	3.53	3.68	88.49	102.67	979.46	0.0%	0.0%	0.0%	0.0%		1.163	1.203	1.640	1.203	0.657	1.259	1.190	1.019	1.613	0.651	7.49
2015/10	3,383	2,297	450.44	486.22	536.07	0.22	0.32	103.10	117.38	660.17	0.0%	0.0%	0.0%	0.0%		1.163	1.203	1.643	1.206	0.657	1.251	1.191	1.019	1.613	0.651	5.21
2015/11	3,386	2,293	447.75	541.44	585.12	0.17	0.17	84.32	96.75	689.03	0.0%	0.0%	0.0%	0.0%		1.163	1.203	1.646	1.206	0.657	1.245	1.191	1.019	1.611	0.650	4.98
2015/12	3,350	2,261	446.23	450.87	495.09	0.04	0.04	111.42	128.07	624.26	0.0%	0.0%	0.0%	0.0%	0.0%	1.164	1.204	1.656	1.216	0.658	1.259	1.191	1.020	1.618	0.652	6.41
2016/01	3,941	2,656	492.24	500.50	576.40	9.39	10.39	100.19	118.82	656.55	59.9%	59.9%	60.0%	66.1%	65.2%	1.234	1.234	1.660	1.222	0.680	-	-	-	-	-	-
2016/02	4,553	3,059	490.81	605.02	688.34	7.56	7.58	91.65	108.69	760.93	66.0%	71.5%	63.7%	67.6%	64.5%	1.227	1.227	1.647	1.208	0.681	-	-	-	-	-	-
2016/03	5,168	3,515	484.08	623.10	731.26	2.32	2.46	93.42	109.53	811.35	80.4%	113.3%	80.4%	76.2%	75.9%	1.222	1.222	1.626	1.192	0.680	-	-	-	-	-	-
2016/04	5,169	3,500	486.99	437.17	570.31	1.19	1.69	76.07	87.22	774.01	89.1%	120.4%	99.3%	86.0%	84.8%	1.000	1.000	1.629	1.195	0.681	-	-	-	-	-	-
CY 2014	-	-	-	-	-	-	-	-	-	-						-	-	-	-	-	-	-	-	-	-	-
CY 2015	40,139	27,197	458.77	582.04	642.32	3.01	3.22	82.82	98.21	742.83						1.164	1.204	1.655	1.216	0.657	1.320	1.191	1.020	1.637	0.651	22.97
YTD 2016	18,831	12,730	488.21	542.03	644.29	4.76	5.15	89.65	105.15	756.51						1.165	1.165	1.639	1.203	0.680						
										0.0%																
										1.018427535																