

June 10, 2016

Re: Health Net Life Insurance Company

State Tracking Numbers: HAO-2016-0167 (Small Group ACA compliant Plans/Eff. 1/1/2017)

Ms. Mu:

We have reviewed your submissions to SERFF with respect to your company's non-grandfathered ACA small-group medical insurance rate filings for plans effective on January 1, 2017. To continue with our review of these filings, we require additional information and responses to the questions below. Your responses should be in Excel where appropriate. Please submit your replies through SERFF.

- 1. Rate Changes.** Provide detailed rate table change information for the rate filing as described in the tab "Rate Changes" in the attached Excel file for rate changes of quarterly, 12-month, and 24-month periods.

[Response: Please see attached Excel workbook.](#)

- 2. Monthly Experience Claims.** Fill out the tab "Monthly Experience" in the attached Excel file for all small group blocks of business offered in your company.

[Response: Please see attached Excel workbook.](#)

- 3. Projected Medical Loss Ratio.** Fill out the tab "Medical Loss Ratios" in the attached Excel file for the overall block small group business.

[Response: Please see attached Excel workbook.](#)

- 4. Trend.** Provide historical allowed cost and utilization information for the small group market as described in the tab "Trend" in the attached Excel file.

[Response: Please see attached Excel workbook.](#)

- 5. Retention.** Provide retention information as described in the tab "Retention" in the attached Excel file.

[Response: Please see attached Excel workbook.](#)

- 6. Membership Cohort.** How many non-grandfathered members will be affected by this rate filing?

[Response: As of April 2016, there are 18,438 members on ACA-Compliant PPO plans who renew in Q1.](#)

7. **Area Factors.** Please provide membership or member month in the Table 2 on page 5 in the actuarial memorandum.

Response: Please see the table below.

Region	Description	2016/01 Members	Previous Area Factors	Q1 2017 Area Factors	Change
1	Rural North/Sierra	335	0.929	1.050	13.0%
2	Wine Country	1,326	1.126	1.139	1.1%
3	Greater Sacramento Region	2,298	0.953	1.077	13.0%
4	San Francisco	5,480	1.106	1.139	3.0%
5	Contra Costa	2,202	1.083	1.100	1.6%
6	Alameda	4,366	1.110	1.100	-0.9%
7	Santa Clara	8,726	1.093	1.100	0.7%
8	San Mateo	4,126	1.196	1.139	-4.8%
9	Santa Cruz/Monterey	3,541	1.228	1.189	-3.2%
10	Central Valley	239	1.053	1.190	13.0%
11	Central Valley2	1,106	0.850	0.855	0.6%
12	South Coast	4,962	0.885	0.897	1.4%
13	Southern Desert	96	1.036	1.171	13.0%
14	Kern	1,027	0.928	0.892	-3.9%
15	Los Angeles East	6,952	0.906	0.892	-1.6%
16	Los Angeles West	12,579	1.026	1.009	-1.7%
17	Inland Empire	4,051	0.903	0.892	-1.3%
18	Orange County	12,293	0.871	0.913	4.9%
19	San Diego	10,836	0.945	0.904	-4.3%
	Total	86,541	1.000	1.000	0.0%

8. **Claim Paid Thru Date.** What is the claim paid thru date for the experience period of January 1, 2015 to December 31, 2015?

Response: Claims are paid through 3/31/2016.

9. **Age Adjustment.** Provide show how to calculate the value of age factor of 1.003. Explain why the calculated value of age factor of 1.041 based on the population's age as of August 1, 2017. What is the calculated value of age factor based on the population's age as of **January 1, 2016?**

Response: The age factor of 1.003 is the average Milliman Age Factor of the CY 2015 single risk pool. We use this age factor as opposed to the federally mandated ACA age factor for claims projection because the Milliman age factors are better at reflecting true claims cost by age. The claims projection period for this filing is 1/1/2017 – 2/28/2018. Thus, to adjust claims to the projection period, we use age factor as of the midpoint of the period, 8/1/2017. This gives us an estimate of aging's impact on claims in the projection

period. The average Milliman age factor as of 1/1/2017 for our January 2016 population is 1.010.

**10. Network.** What is a network adjustment between EPO and PPO plans?

Response: PPO plans have a network adjustment of 1.000 and EPO plans have a network adjustment of 0.916. Due to the low membership on EPO plans, the overall average network factor is still 1.00 rounded to 2 decimal places. The network adjustment accounts for the cost relativity between the PPO and EPO networks.

**11. Deductible Leveraging Factor.** We have observed that you have updated the leveraging factor in every rate filing; however, the leveraging factors remain relatively the same between 1.080 and 1.090. Would this mean little membership migration from richer plans to leaner plans and increase in utilization trend?

Response: The 2016Q3 rate filing used a current member census based on membership as of 2015/12; and the 2017Q1 rate filing used membership as of 2016/01. The leveraging factor calculated based on the 2015/12 census is 1.088 and the leveraging factor calculated based on the 2016/01 census is 1.090. There was minimal shift from the richer plans (Platinum and Gold) to the leaner plans (Silver and Bronze) between 12/1/2015 and 1/1/2016.

**12. Average Market Risk Adjustment (W).** Provide the supporting documentation for the amount of \$23.10, -\$9.22 and \$22.00. The average market risk adjustment of \$-2.06 in this filing is different from the risk adjustment of \$4.65 filed in Q3 2016 filing; if both values are based on the same experience period, why are they different? Explain.

Response: The experience period for the Risk Adjustment in both Q3 2016 and Q1 2017 filings is 2015CY. The estimate was provided by Wakely. The Risk Adjustment PMPM was broken down by on-exchange and off-exchange with Cal Choice separated (Table 1). The total matches well with the Wakely report (Table 3). For the projection period, we trended the on-exchange and off-exchange excluding Cal Choice at 5% (Table 2).

The difference of the overall RA PMPM between Q3 2016 and Q1 2017 filing is due to updated ACA population projection. Please note, there is no risk adjustment data for transitional plans, and therefore we needed to make an estimate. The estimation is informed by the ACA population.

				Table 1. Reconcile to Wakely Report		Table 2. Q1 2017 Rate Development	
Metal	CDI	CalChoice Indicator	Exch	Experience Period (2015 CY)	2015CY RA PMPM Weighted by 2015CY Member Months	Projected RA PMPM (2015 RA PMPM Trended to 2017) Weighted by the projected Member Months in Q1 2017 filing	Projected Membership (1/2016 x 12)
Platinum	PPO	Non Cal Choice	Off Exchange	135,277	\$149.89	\$165.26	148,562
Gold	PPO	Non Cal Choice	Off Exchange	258,457	\$6.70	\$7.39	333,403
Silver	PPO	Non Cal Choice	Off Exchange	234,019	-\$48.00	-\$52.92	256,198
<u>Bronze</u>	<u>PPO</u>	<u>Non Cal Choice</u>	<u>Off Exchange</u>	<u>58,435</u>	<u>-\$84.44</u>	<u>-\$93.10</u>	<u>65,001</u>
Subtotal				686,188	\$8.51	<b>\$9.22</b>	803,165
Platinum	PPO	Non Cal Choice	On Exchange	10,563	\$94.90	\$104.63	11,776
Gold	PPO	Non Cal Choice	On Exchange	21,045	\$2.17	\$2.39	29,990
Silver	PPO	Non Cal Choice	On Exchange	25,369	-\$43.25	-\$47.68	34,806
<u>Bronze</u>	<u>PPO</u>	<u>Non Cal Choice</u>	<u>On Exchange</u>	<u>5,586</u>	<u>-\$205.41</u>	<u>-\$226.46</u>	<u>6,950</u>
Subtotal				62,563	-\$19.12	<b>-\$23.10</b>	83,521
ACA Total Excluding Cal Choice				748,751	\$6.20	\$6.18	886,686
Platinum	PPO	Cal Choice	Off Exchange	5,087	\$18.98	-	-
Gold	PPO	Cal Choice	Off Exchange	85,036	\$19.34	-	-
Silver	PPO	Cal Choice	Off Exchange	53,634	-\$32.61	-	-
<u>Bronze</u>	<u>PPO</u>	<u>Cal Choice</u>	<u>Off Exchange</u>	<u>14,208</u>	<u>-\$62.73</u>	-	-
Subtotal				157,965	-\$5.69	-	-
Total ACA Including Cal Choice				906,716	\$4.13	-	-
Transitional Plan						-\$22.00	151,806
Non Grandfathered Total						<b>\$2.06</b>	1,038,492

Table 3.

The Wakely National Risk Adjustment Reporting Project						
Claim period: Jan-Dec 2015, paid through Dec 2015						
Ver #	Version of Results	Data Used	Risk Score Completed?	Plan	MbrMob	Transfer PMPM (Estimate)
5	<a href="#">Unadj. HHS (ACA)</a>	Jan-Dec	Not completed	Platinum	152,096	\$141.72
5	<a href="#">Unadj. HHS (ACA)</a>	Jan-Dec	Not completed	Gold	368,353	\$9.19
5	<a href="#">Unadj. HHS (ACA)</a>	Jan-Dec	Not completed	Silver	316,919	-\$44.28
5	<a href="#">Unadj. HHS (ACA)</a>	Jan-Dec	Not completed	Bronze	78,375	-\$88.55
5	<a href="#">Unadj. HHS (ACA)</a>	Jan-Dec	Not completed	Issuer Total	915,744	\$4.33

**13. Exchange Fee.** What is a weight used for determining the fee of 0.4% revenue?

Response: We weight the 2017 exchange fee on projected member months by metal tier and exchange status. Please see the table below.

<b>Metal</b>	<b>Exch</b>	<b>Projected Mbr Mos</b>	<b>Exchange Fee</b>	<b>Estimated PMPM</b>
Platinum	On	11,776	5.2%	\$40.43
Gold	On	29,990	5.2%	\$34.28
Silver	On	34,806	5.2%	\$32.58
Bronze	On	6,950	5.2%	\$25.12
Platinum	Off	148,562	0.0%	\$0.00
Gold	Off	333,403	0.0%	\$0.00
Silver	Off	256,198	0.0%	\$0.00
Bronze	Off	65,001	0.0%	\$0.00
Transitional	Off	151,806	0.0%	\$0.00
<b>Total</b>		<b>1,038,492</b>	<b>0.4%</b>	<b>\$2.71</b>

- 14. Adjusted Earned Premium.** Illustrate how the adjusted earned premium is calculated. Provide Q4 2015 and Q3 2016 premiums based on the population's age as of January 2016.

Response: January 2016 members were aged to 2/1/2017 and migrated to 1/1/2017 HIOS IDs to use for average premium weights. Adjusted earned premium for each quarter in 2016 was determined by weighting the corresponding average quarterly premiums with January 2016 membership. If we only age January 2016 members to 1/1/2016, then the average earned premium for Q4 2015 is \$498.03 and the average earned premium for Q3 2016 is \$574.52.

- 15. AV Metal Values.** Provide screenshots of the AV calculator for AV metal values of each plan included (standard and non-standard) in this filing.

Response: Please see the attached .zip folder.



2017Q1 SBG PPO AV Screenshots.zip

- 16. Compensation.** Provide the annual compensation of each of the 10 most highly paid officers, executives, and employees of both the insurer (Health Net Life Insurance company) submitting the rate filing and the parent corporation / ultimate controlling party (Health Net, Inc.) of that insurer with their basis salary, other compensations and total compensation in 2015.

Response: Please see the table below.

**Health Net, Inc.**

	<b>Basic</b>	<b>Other</b>	<b>Total</b>
<b>Employee</b>	<b>Compensation</b>	<b>Compensation</b>	<b>Compensation</b>
Employee 1	1,277,307.64	10,225,700.56	11,503,008.20
Employee 2	813,726.24	6,988,639.17	7,802,365.41
Employee 3	555,354.22	3,091,809.41	3,647,163.63
Employee 4	501,433.39	2,295,174.32	2,796,607.71
Employee 5	564,303.98	2,148,956.21	2,713,260.19
Employee 6	241,624.63	1,976,416.72	2,218,041.35
Employee 7	325,377.42	1,420,239.27	1,745,616.69
Employee 8	461,794.21	1,218,502.82	1,680,297.03
Employee 9	425,538.41	998,683.13	1,424,221.54
Employee 10	459,848.00	687,189.98	1,147,037.98

**Health Net Life Insurance Company**

	<b>Basic</b>	<b>Other</b>	<b>Total</b>
<b>Employee</b>	<b>Compensation</b>	<b>Compensation</b>	<b>Compensation</b>
Employee 1	293,686.29	237,555.14	531,241.43
Employee 2	120,607.60	16,011.31	136,618.91
Employee 3	64,644.51	7,273.10	71,917.61
Employee 4	57,540.61	11,087.10	68,627.71
Employee 5	53,446.64	10,747.71	64,194.35
Employee 6	56,241.88	1,365.58	57,607.46
Employee 7	48,241.83	4,420.31	52,662.14

*There are not 10 employees in HNL, just those listed above.*

**17. Independent Actuarial Certification.** To comply with California Insurance Code, Section 10181.6(b)(2), provide an actuarial certification by an independent actuary.

*Response: The independent actuarial certification is not complete yet. We will submit it as soon as it is available in early July.*

Please let me know if you have any questions.

Grace Lam, ASA, MAAA  
Senior Health Actuary  
California Department of Insurance  
(213) 346-6138

Worksheet: Rate Changes

I. General Information

Company Name:	Health Net Life Insurance	SERFF Tracking Number:	HNLI-130583376
Effective Date:	1/1/2017	State Tracking Number:	HAO-2016-0167
Market Segment:	Small Group	Review Category:	Filing for Existing Plan

II. Annual Rate Increase Distribution by Member and/or Employer

Indicate the number of members and/or groups in each annual rate increase band.

Band	Small Group		Small Group	
	Recent Membership	Distribution of Members	Groups	Distribution of Groups
x < 0%	99	0%	4	0%
0% <= x < 5%	3,788	4%	407	4%
5% <= x < 10%	17,843	21%	2,394	21%
10% <= x < 15%	27,405	32%	3,641	32%
15% <= x < 20%	20,835	24%	3,024	27%
20% <= x < 25%	12,647	15%	1,396	12%
25% <= x < 30%	2,374	3%	271	2%
x >= 30%	1,550	2%	160	1%
Total	86,541	100%	11,297	100%

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:

Premium

Plan Name	Recent Membership Ending	Earned Premium Ending	Change in Table Rates				Rate Change (including rate caps)											
			New vs. Prior Rate Filing				12-Month Period				24-Month period							
			Excluding Benefit Changes	Including Benefit Changes			Excluding Benefit Changes	Including Benefit Changes			Excluding Benefit Changes	Including Benefit Changes						
				Average	Minimum	Maximum		Average	Minimum	Maximum		Average	Minimum	Maximum				
	12/31/2015																	
Health Net Bronze 60 PPO 6300/75 (On-Ex)	550	\$ 213,035	4.5%	4.5%	-1.2%	17.3%	7.6%	7.6%	1.7%	20.8%	23.5%	23.5%	14.9%	32.5%				
Health Net Bronze 60 PPO 6300/75 (Off-Ex)	6,793	\$ 2,546,116	3.4%	3.4%	-1.7%	16.7%	5.8%	5.8%	19.5%	20.3%	20.3%	13.6%	31.0%					
Health Net Bronze 60 PPO 6300/75 + Infertility (On-Ex)	0	\$ -	0.5%	0.5%	-1.2%	17.0%	3.3%	3.3%	1.6%	20.3%	28.5%	28.5%	14.5%	31.8%				
Health Net Bronze 60 PPO 6300/75 + Infertility (Off-Ex)	678	\$ 238,122	3.6%	3.6%	-1.7%	16.4%	5.9%	5.9%	0.5%	19.0%	20.4%	20.4%	13.3%	30.4%				
Health Net Gold 80 EPO 1400/15 Alternate (On-Ex)	10	\$ 3,537	5.1%	5.1%	-2.6%	15.6%	16.2%	16.2%	7.6%	27.8%	22.8%	22.8%	14.6%	28.7%				
Health Net Gold 80 EPO 1400/15 Alternate (Off-Ex)	34	\$ 14,950	3.1%	3.1%	-2.7%	15.5%	13.3%	13.3%	6.9%	27.0%	17.5%	17.5%	13.9%	27.8%				
Health Net Gold 80 EPO 1400/15 Alternate + Infertility (On-Ex)	0	\$ -	3.8%	3.8%	-2.6%	15.4%	14.6%	14.6%	7.5%	27.4%	21.6%	21.6%	14.3%	28.3%				
Health Net Gold 80 EPO 1400/15 Alternate + Infertility (Off-Ex)	0	\$ -	3.8%	3.8%	-2.7%	15.3%	13.9%	13.9%	6.8%	26.5%	20.8%	20.8%	13.7%	27.4%				
Health Net Gold 80 PPO 0/30 (On-Ex)	2,101	\$ 1,023,425	3.7%	3.7%	-2.2%	16.1%	19.2%	19.2%	12.5%	33.6%	27.9%	27.9%	20.3%	38.8%				
Health Net Gold 80 PPO 0/30 (Off-Ex)	29,206	\$ 14,325,000	2.0%	2.0%	-2.7%	15.5%	16.7%	16.7%	11.2%	32.1%	25.6%	25.6%	19.0%	37.3%				
Health Net Gold 80 PPO 0/30 + Infertility (On-Ex)	0	\$ -	4.3%	4.3%	-2.2%	15.9%	19.7%	19.7%	12.3%	33.0%	21.5%	21.5%	20.0%	38.2%				
Health Net Gold 80 PPO 0/30 + Infertility (Off-Ex)	3,510	\$ 1,754,079	2.0%	2.0%	-2.7%	15.3%	16.4%	16.4%	11.0%	31.6%	25.1%	25.1%	18.7%	36.7%				
Health Net Platinum 90 PPO 0/15 (On-Ex)	912	\$ 512,647	4.3%	4.3%	-0.6%	18.1%	21.1%	21.1%	15.4%	37.0%	28.8%	28.8%	20.7%	39.2%				
Health Net Platinum 90 PPO 0/15 (Off-Ex)	12,510	\$ 7,355,244	4.1%	4.1%	-1.1%	17.4%	20.2%	20.2%	14.1%	35.5%	26.7%	26.7%	19.4%	37.7%				
Health Net Platinum 90 PPO 0/15 + Infertility (On-Ex)	0	\$ -	6.6%	6.6%	-0.6%	17.8%	23.5%	23.5%	15.2%	36.5%	28.6%	28.6%	20.4%	38.7%				
Health Net Platinum 90 PPO 0/15 + Infertility (Off-Ex)	1,369	\$ 821,087	3.8%	3.8%	-1.1%	17.2%	19.5%	19.5%	13.9%	35.0%	26.1%	26.1%	19.1%	37.2%				
Health Net PPO Bronze HSA (Off-Ex)	0	\$ -	4.1%	4.1%	-0.8%	17.8%	3.2%	3.2%	-1.7%	16.7%	N/A	N/A	N/A	N/A				
Health Net PPO Bronze HSA + Infertility (Off-Ex)	0	\$ -	6.3%	6.3%	-0.8%	17.4%	5.4%	5.4%	-1.7%	16.4%	N/A	N/A	N/A	N/A				
Health Net PPO Gold Value (Off-Ex)	0	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Health Net PPO Gold Value + Infertility (Off-Ex)	0	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Health Net PPO Silver Value (Off-Ex)	0	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Health Net PPO Silver Value + Infertility (Off-Ex)	0	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Health Net Silver 70 EPO 1900/20 Alternate (On-Ex)	77	\$ 25,376	3.3%	3.3%	0.2%	19.0%	9.1%	9.1%	5.9%	25.8%	N/A	N/A	0.0%	0.0%				
Health Net Silver 70 EPO 1900/20 Alternate (Off-Ex)	276	\$ 106,277	3.5%	3.5%	0.2%	19.0%	8.8%	8.8%	5.3%	25.0%	N/A	N/A	0.0%	0.0%				
Health Net Silver 70 EPO 1900/20 Alternate + Infertility (On-Ex)	0	\$ -	3.5%	3.5%	0.2%	18.7%	9.3%	9.3%	5.8%	25.3%	N/A	N/A	0.0%	0.0%				
Health Net Silver 70 EPO 1900/20 Alternate + Infertility (Off-Ex)	43	\$ 13,258	6.8%	6.8%	0.2%	18.7%	12.2%	12.2%	5.2%	24.6%	N/A	N/A	0.0%	0.0%				
Health Net Silver 70 PPO 2000/45 (On-Ex)	2,566	\$ 1,139,920	3.8%	3.8%	-1.7%	16.7%	12.1%	12.1%	6.2%	26.1%	26.9%	26.9%	18.7%	36.8%				
Health Net Silver 70 PPO 2000/45 (Off-Ex)	24,045	\$ 10,838,245	2.5%	2.5%	-2.2%	16.1%	10.1%	10.1%	5.0%	24.7%	24.3%	24.3%	17.4%	35.4%				
Health Net Silver 70 PPO 2000/45 + Infertility (On-Ex)	0	\$ -	0.4%	0.4%	-1.7%	16.5%	8.3%	8.3%	6.1%	25.6%	30.4%	30.4%	18.3%	36.2%				
Health Net Silver 70 PPO 2000/45 + Infertility (Off-Ex)	2,431	\$ 1,157,562	3.1%	3.1%	-2.2%	15.8%	10.6%	10.6%	4.9%	24.3%	23.3%	23.3%	17.0%	34.8%				
Overall	87,111	\$ 42,087,879	2.8%	2.8%			14.7%	14.7%			25.1%	25.1%						





Grandfathered			Others			Overall Plans		
Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums	Members	Incurred Claims	Earned Premiums
6,759	\$ 2,251,774	\$ 4,079,044				42,159	\$ 16,497,241	\$ 19,737,326
6,578	\$ 2,389,073	\$ 3,984,622				43,640	\$ 17,688,858	\$ 20,221,072
6,412	\$ 2,934,572	\$ 3,890,376				46,780	\$ 17,737,242	\$ 21,400,838
6,229	\$ 3,226,910	\$ 3,780,719				50,680	\$ 20,866,058	\$ 22,818,701
6,184	\$ 3,461,198	\$ 3,760,549				55,195	\$ 23,152,574	\$ 24,513,555
6,131	\$ 2,886,055	\$ 3,734,595				60,495	\$ 22,854,965	\$ 26,563,589
6,053	\$ 2,926,082	\$ 3,675,712				64,746	\$ 25,477,451	\$ 28,245,871
6,015	\$ 2,723,342	\$ 3,679,736				68,229	\$ 27,121,157	\$ 29,588,205
5,886	\$ 2,671,747	\$ 3,591,604				72,583	\$ 29,226,612	\$ 31,317,846
5,657	\$ 3,636,973	\$ 3,452,032				74,520	\$ 33,592,649	\$ 32,123,817
5,486	\$ 2,662,083	\$ 3,366,734				75,886	\$ 29,826,929	\$ 32,755,071
4,468	\$ 3,322,445	\$ 2,842,419				85,895	\$ 37,979,883	\$ 37,495,367
4,123	\$ 1,933,331	\$ 2,643,305				88,037	\$ 34,572,956	\$ 38,654,232
4,039	\$ 1,922,698	\$ 2,607,490				88,513	\$ 33,049,325	\$ 38,966,923
3,975	\$ 2,436,246	\$ 2,583,255				89,022	\$ 38,666,374	\$ 39,342,238
3,869	\$ 2,167,292	\$ 2,524,053				89,752	\$ 36,045,322	\$ 40,027,084
3,801	\$ 2,052,447	\$ 2,483,172				89,699	\$ 36,002,044	\$ 40,330,189
3,727	\$ 2,032,013	\$ 2,436,446				89,875	\$ 39,319,234	\$ 40,559,643
3,701	\$ 2,765,089	\$ 2,421,826				89,991	\$ 40,305,466	\$ 41,221,017
3,655	\$ 1,789,120	\$ 2,405,585				90,099	\$ 37,076,079	\$ 41,610,318
3,636	\$ 1,569,338	\$ 2,402,737				90,712	\$ 41,498,802	\$ 42,353,132
3,535	\$ 2,573,935	\$ 2,348,282				92,289	\$ 44,153,504	\$ 43,227,407
3,429	\$ 2,615,620	\$ 2,288,271				93,656	\$ 40,550,452	\$ 44,001,336
2,793	\$ 2,010,633	\$ 1,923,293				110,730	\$ 44,974,343	\$ 53,295,702
2,492	\$ 1,323,948	\$ 1,726,884				108,784	\$ 47,955,372	\$ 52,920,536
2,423	\$ 1,306,834	\$ 1,670,191				107,410	\$ 45,497,516	\$ 52,415,363
2,381	\$ 1,653,382	\$ 1,632,923				106,020	\$ 51,868,674	\$ 51,966,149
2,337	\$ 1,483,226	\$ 1,616,870				104,232	\$ 46,334,864	\$ 51,369,468
2,326	\$ 1,423,101	\$ 1,609,341				101,128	\$ 44,496,094	\$ 49,883,116
2,285	\$ 1,411,653	\$ 1,581,056				97,528	\$ 47,139,822	\$ 48,168,397
2,241	\$ 1,896,760	\$ 1,550,275				94,415	\$ 47,290,204	\$ 48,078,917
2,225	\$ 1,234,054	\$ 1,539,460				91,476	\$ 42,358,074	\$ 46,630,501
2,197	\$ 1,074,590	\$ 1,520,326				88,331	\$ 45,532,706	\$ 45,087,149
2,186	\$ 1,803,412	\$ 1,512,423				84,860	\$ 44,558,793	\$ 44,158,660
2,125	\$ 1,836,790	\$ 1,470,411				81,464	\$ 38,468,876	\$ 42,475,447
2,062	\$ 1,681,482	\$ 1,426,319				71,702	\$ 32,022,616	\$ 37,948,792
1,679	\$ 1,022,904	\$ 1,261,671				69,270	\$ 32,547,985	\$ 40,053,333
1,498	\$ 926,483	\$ 1,125,653				68,458	\$ 29,208,428	\$ 39,555,164
1,456	\$ 1,159,325	\$ 1,094,021				67,906	\$ 35,632,205	\$ 39,231,158
1,434	\$ 1,043,839	\$ 1,077,753				67,340	\$ 32,393,461	\$ 38,902,238
1,399	\$ 981,368	\$ 1,051,145				66,780	\$ 30,700,954	\$ 38,574,471
1,374	\$ 973,474	\$ 1,032,670				66,250	\$ 33,370,978	\$ 38,266,013
1,347	\$ 1,308,003	\$ 1,012,566				65,737	\$ 34,211,757	\$ 37,966,800
1,338	\$ 851,002	\$ 1,005,502				65,259	\$ 31,905,693	\$ 37,691,222
1,321	\$ 741,036	\$ 993,004				64,793	\$ 35,393,601	\$ 37,420,534
1,314	\$ 1,243,631	\$ 987,842				64,354	\$ 36,287,254	\$ 37,167,253
1,278	\$ 1,266,648	\$ 960,402				63,902	\$ 31,660,591	\$ 36,901,525
1,239	\$ 1,159,548	\$ 931,604				63,465	\$ 29,988,762	\$ 36,644,042

Grandfathered			Others			Overall Plans		
Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums	Member Months	Incurred Claims	Earned Premiums
71,858	\$ 35,092,254	\$ 43,838,142	0	\$ -	\$ -	740,808	\$ 302,021,619	\$ 326,781,256
44,283	\$ 25,867,762	\$ 29,067,715	0	\$ -	\$ -	1,102,375	\$ 466,213,900	\$ 503,589,222
27,281	\$ 18,129,232	\$ 18,856,478	0	\$ -	\$ -	1,137,349	\$ 533,523,612	\$ 571,102,495
16,676	\$ 12,677,259	\$ 12,533,832	0	\$ -	\$ -	793,514	\$ 393,301,669	\$ 458,373,752

**Worksheet: Medical Loss Ratio Calculation**

**I. General Information**

Company Name:	<b>Health Net Life Insurance</b>	SERFF Tracking Number:	<b>HNLI-130583376</b>
Effective Date:	<b>1/1/2017</b>	State Tracking Number:	<b>HAO-2016-0167</b>
Market Segment:	<b>Small Group</b>	Review Category:	<b>Filing for Existing Plan</b>

**II. Medical Loss Ratio per PPACA**

Please provide a Medical Loss Ratio (MLR) exhibit according to the guidance issued by HHS on 11/18/2010. 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		740,808	1,102,375	1,137,349	793,514
Incurred Claims		\$ 302,021,619	\$ 466,213,900	\$ 533,523,612	\$ 393,301,669
Earned Premium		\$ 326,781,256	\$ 503,589,222	\$ 571,102,495	\$ 458,373,752
<b>Unadjusted MLR</b>		<b>92.4%</b>	<b>92.6%</b>	<b>93.4%</b>	<b>85.8%</b>
ACA-Allowable Adjustments to MLR Numerator	Improving Health Care Quality Expenses (158.150, 158.151)	\$ 594,519	\$ 1,605,439	\$ 6,194,122	\$ 1,757,693
	Risk Adjustment Payments	\$ 1,149,597	\$ 75,527	\$ 161,885	\$ 113,289
	Risk Corridor Payments				
	Risk Adjustment Receipts	\$ -	\$ 3,737,204	\$ 17,520,341	\$ 2,652,607
	Risk Corridor Receipts				
	Reinsurance Receipts				
	Other (Please specify)*				
Total Numerator Adjustments		\$ 1,744,117	\$ (2,056,238)	\$ (11,164,334)	\$ (781,625)
ACA Adjusted Numerator		\$ 303,765,736	\$ 464,157,661	\$ 522,359,278	\$ 392,520,045
ACA-Allowable Adjustments to Denominator	Premium Tax	\$ 3,566,150	\$ 9,569,686	\$ 12,977,781	\$ -
	Federal Income Tax	\$ 1,213,653	\$ 4,253,436	\$ (2,378,283)	\$ -
	Payroll Tax	\$ 303,502	\$ 814,441	\$ -	\$ -
	Reinsurance Contribution	\$ 1,950,023	\$ 3,326,202	\$ 2,497,653	\$ -
	Insurer Fee	\$ 3,748,251	\$ 7,496,388	\$ 10,166,111	\$ -
	PCORI	\$ 55,715	\$ 154,075	\$ 188,712	\$ 140,478
	Exchange Fees	\$ 1,267,429	\$ 2,206,436	\$ 1,185,960	\$ 1,973,044
Other (Please specify)*					
Total Denominator Adjustments		\$ 12,104,725	\$ 27,820,664	\$ 24,637,934	\$ 2,113,523
ACA Adjusted Denominator		\$ 314,676,531	\$ 475,768,558	\$ 546,464,561	\$ 456,260,230
<b>ACA Adjusted MLR</b>		<b>96.5%</b>	<b>97.6%</b>	<b>95.6%</b>	<b>86.0%</b>

\*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:

Adjustments to Denominator

Other:

**Worksheet: Trend**

**I. General Information**

Company Name:	<b>Health Net Life Insurance Company</b>	SERFF Tracking Number:	<b>HNLI-130583376</b>
Effective Date:	<b>1/1/2017</b>	State Tracking Number:	<b>HAO-2016-0167</b>
Market Segment:	<b>Small Group</b>	Review Category:	<b>Filing for Existing Plan</b>

**II. Trend**

Secular Trend Detail. Provide the **historical** annual allowed cost trend attributable to utilization and unit cost by aggregate benefit category.

1. Allowed Cost Trend

	Beginning Period		Ending Period	
Year 1	1/1/2015	12/31/2015	1/1/2016	12/31/2016
Year 2	1/1/2016	12/31/2016	1/1/2017	12/31/2017
Year 3	1/1/2017	12/31/2017	1/1/2018	12/31/2018

Aggregate Benefit Category	Year 1				Year 2				Year 3			
	Utilization	Unit Cost	Total	Weighting*	Utilization	Unit Cost	Total	Weighting*	Utilization	Unit Cost	Total	Weighting*
Hospital Inpatient	0.6%	5.7%	6.4%	\$127.68	1.2%	5.4%	6.6%	\$103.91	4.3%	4.7%	9.2%	\$109.70
Hospital Outpatient (including ER)	0.6%	5.8%	6.5%	\$96.45	1.2%	5.6%	6.8%	\$62.71	4.3%	4.8%	9.3%	\$68.61
Physician/Other Professional Services	0.6%	4.6%	5.3%	\$202.33	1.2%	4.8%	6.1%	\$135.44	4.3%	3.6%	8.1%	\$147.69
Prescription Drug	1.8%	5.1%	7.0%	\$77.15	1.8%	8.4%	10.4%	\$51.37	1.0%	10.0%	11.1%	\$59.11
Laboratory (other than inpatient)	0.6%	4.6%	5.3%	N/A	1.2%	2.9%	4.1%	\$10.34	4.3%	3.1%	7.6%	\$11.05
Radiology (other than inpatient)	0.6%	4.6%	5.3%	N/A	1.2%	2.9%	4.1%	\$8.68	4.3%	3.1%	7.6%	\$9.26
Other (describe)	0.6%	3.9%	4.5%	\$11.23	1.6%	7.7%	9.4%	\$15.45	4.3%	3.1%	7.5%	\$18.51
Overall Medical Trend	0.8%	5.2%	6.0%	\$514.84	1.3%	5.6%	6.9%	\$387.90	3.9%	4.9%	8.9%	\$423.93

\*Weighting method should be based on allowed costs

2. Leverage Component of Trend

% Percent
8.8%

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

**Worksheet: Retention****I. General Information**

Company Name:	<b>Health Net Life Insurance</b>	SERFF Tracking Number:	<b>HNLI-130583376</b>
Effective Date:	<b>1/1/2017</b>	State Tracking Number:	<b>HAO-2016-0167</b>
Market Segment:	<b>Small Group</b>	Review Category:	<b>Filing for Existing Plan</b>

**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: **\$528.97**

Taxes/Fees	% of Premium	PMPM
ACA Insurer	0.00%	\$0.00
PCORI	0.03%	\$0.18
Reinsurance Contributions	0.00%	\$0.00
Premium Tax	0.00%	\$0.00
Other (Please specify)*	0.47%	\$2.85
<b>Total</b>	<b>0.50%</b>	<b>\$3.04</b>

Company Expenses	% of Premium	PMPM
Commissions	8.80%	\$53.49
Administrative	5.69%	\$34.60
Quality Improvement	0.39%	\$2.40
Other 1 (Please specify)*		
Other 2 (Please specify)*		
Other 3 (Please specify)*		
<b>Total</b>	<b>14.88%</b>	<b>\$90.49</b>

Margin	% of Premium	PMPM
<b>Pre-tax Margin</b>	<b>0.00%</b>	<b>\$0.00</b>
Federal Income Tax	0.00%	\$0.00
Post-tax Margin	0.00%	\$0.00

<b>All Retention</b>	<b>15.37%</b>
<b>Target LR</b>	<b>84.63%</b>

<b>All Retention</b>	<b>15.37%</b>
<b>Target LR</b>	<b>84.63%</b>

Taxes/Fees	% of Premium	PMPM
ACA Insurer	0.00%	\$0.00
PCORI	0.03%	\$0.18
Reinsurance Contributions	0.00%	\$0.00
Premium Tax	0.00%	\$0.00
Other (Please specify)*	0.47%	\$2.85
<b>Total</b>	<b>0.50%</b>	<b>\$3.04</b>

Company Expenses	% of Premium	PMPM
Commissions	8.80%	\$53.49
Administrative	5.69%	\$34.60
Quality Improvement	0.39%	\$2.40
Other 1 (Please specify)*	0.00%	\$0.00
Other 2 (Please specify)*	0.00%	\$0.00
Other 3 (Please specify)*	0.00%	\$0.00
<b>Total</b>	<b>14.88%</b>	<b>\$90.49</b>

Margin	% of Premium	PMPM
<b>Pre-tax Margin</b>	<b>0.00%</b>	<b>\$0.00</b>
Federal Income Tax	0.00%	\$0.00
Post-tax Margin	0.00%	\$0.00

\*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: Includes Exchange Fee and Risk Adjustment Fee

Company Expenses

Other 1:

Other 2:

Other 3: