

State: California **Filing Company:** Health Net Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
Product Name: SBG EPO and PPO rates Effective January 1, 2017
Project Name/Number: /

Filing at a Glance

Company: Health Net Life Insurance Company
Product Name: SBG EPO and PPO rates Effective January 1, 2017
State: California
TOI: H16G Group Health - Major Medical
Sub-TOI: H16G.003G Small Group Only - Other
Filing Type: Rate
Date Submitted: 06/01/2016
SERFF Tr Num: HNLI-130583376
SERFF Status: Assigned
State Tr Num: HAO-2016-0167
State Status:
Co Tr Num: 1/2017 SBG PPO AND EPO - ON AND OFF EXCHANGE - RATES
Implementation: 01/01/2017
Date Requested:
Author(s): Jennifer Smith, Jennifer Craven
Reviewer(s): Maria Reyes (primary)
Disposition Date:
Disposition Status:
Implementation Date:
State Filing Description:

State: California **Filing Company:** Health Net Life Insurance Company
TOI/Sub-TOI: H16G Group Health - Major Medical/H16G.003G Small Group Only - Other
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General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small
Group Market Type: Employer	Overall Rate Impact:
Filing Status Changed: 06/02/2016	
State Status Changed:	Deemer Date:
Created By: Jennifer Craven	Submitted By: Jennifer Smith
Corresponding Filing Tracking Number:	
PPACA: Not PPACA-Related	
PPACA Notes: null	
Exchange Intentions:	These rates are for our SBG EPO and PPO products to be sold on and off exchange.

Filing Description:
 SBG PPO and EPO rates effective January 1, 2017 for on and off Exchange

Company and Contact

Filing Contact Information

Jennifer Smith,	jennifer.x.smith@healthnet.com
11931 Foundation Place, bldg D	916-935-8137 [Phone]
Rancho Cordova, CA 95670	

Filing Company Information

Health Net Life Insurance	CoCode: 66141	State of Domicile: California
Company	Group Code:	Company Type: L&H
11971 Foundation Place	Group Name:	State ID Number:
Rancho Cordova, CA 95670	FEIN Number: 73-0654885	
(818) 676-8709 ext. [Phone]		

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

State: California Filing Company: Health Net Life Insurance Company
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Rate Information

Rate data applies to filing.

Filing Method: Electronic
 Rate Change Type: Increase
 Overall Percentage of Last Rate Revision: 1.500%
 Effective Date of Last Rate Revision: 07/01/2016
 Filing Method of Last Filing: Electronic

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Health Net Life Insurance Company	Increase	%	2.800%		11,345		19.000%	-2.700%

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Rate Review Detail

COMPANY:

Company Name: Health Net Life Insurance Company
 HHS Issuer Id: 00000

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
SBG EPO and PPO			86541

Trend Factors:

FORMS:

New Policy Forms: A20601, A24401, A21601
 Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Quarterly
 Member Months: 1,038,492
 Benefit Change: None
 Percent Change Requested: Min: -2.7 Max: 19.0 Avg: 2.8

PRIOR RATE:

Total Earned Premium: 614,840,520.00
 Total Incurred Claims: 493,365,740.00
 Annual \$: Min: 158.00 Max: 1,901.00 Avg: 592.00

REQUESTED RATE:

Projected Earned Premium: 632,002,687.00
 Projected Incurred Claims: 537,371,215.00
 Annual \$: Min: 165.00 Max: 1,914.00 Avg: 609.00

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Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		A20601, A24401, A21601 Rates		New		2017_CA_SBG_EPO_PPO_Rate_Table_2016-06-02.xls,

SERFF Tracking #:

HNLI-130583376

State Tracking #:

HAO-2016-0167

Company Tracking #:

1/2017 SBG PPO AND EPO - ON AND
OFF EXCH...

State:

California

Filing Company:

Health Net Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

Product Name:

SBG EPO and PPO rates Effective January 1, 2017

Project Name/Number:

/

Supporting Document Schedules

Satisfied - Item:	Filing Cover Sheet
Comments:	
Attachment(s):	1.17 SBG Rates - Filing Cover Sheet.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Document Submission Form
Comments:	
Attachment(s):	1.17 SBG Rates - DSF.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Rating Plans
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	Q12017 CA SBG EPO&PPO Actuarial Memorandum.pdf Justification_2016-06-01.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	
Attachment(s):	Part_I_URRT_CA_SBG_EPO_PPO.xlsm
Item Status:	

SERFF Tracking #:

HNLI-130583376

State Tracking #:

HAO-2016-0167

Company Tracking #:1/2017 SBG PPO AND EPO - ON AND
OFF EXCH...**State:**

California

Filing Company:

Health Net Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

Product Name:

SBG EPO and PPO rates Effective January 1, 2017

Project Name/Number:

/

Status Date:	
Bypassed - Item:	Third Party Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Third Party - Actuarial Memorandum
Comments:	Will submit once third party review is complete.
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	CA Plain Language Spreadsheet/Description
Comments:	
Attachment(s):	CA Plain Lang Des - SBG Rates eff 1.2017.pdf CA Plain Language Spreadsheet.pdf
Item Status:	
Status Date:	
Satisfied - Item:	CA Rate Filing Form/Spreadsheet
Comments:	
Attachment(s):	SBG PPO 1.2017 Existing Product Rate Filing Form.pdf CA Rate Filing Spreadsheet.pdf
Item Status:	
Status Date:	

CALIFORNIA DEPARTMENT OF INSURANCE

Reset Form

FILING COVER SHEET
for
FORMS FILINGS with the POLICY APPROVAL BUREAU

(Suggested for use as the cover letter required by Title 10, California Code of Regulations §2205.)

TO: State of California Department of Insurance Policy Approval Bureau 45 Fremont Street San Francisco, CA 94105	FROM: (Official Insurer Name): Health Net Life Insurance Company
	Submitter and Complete Mailing Address: Health Net Life Insurance Company Jennifer Smith / Sr. Compliance Analyst 11931 Foundation Place, Building D Rancho Cordova, CA 95670
	Submission Date: 6/1/16

1. IDENTIFYING FORM NUMBER(S): SBG Rates Effective 1.1.2017 in Forms A22401, A20601 and A21601
 [The form number(s) of one or more of the documents submitted by which the filing can be identified. §2205(a)]

2. DOCUMENT CLASS [The subdivision of 10 CCR §2202(a) which best describes the forms submitted. (§2205(b))

Generic Description and Definition Citation	Check Below	Generic Description and Definition Citation	Check Below
Health Insurance [Hospital, medical, surgical insurance, expense-incurred or indemnity. §2202(a)(1)]	<input checked="" type="checkbox"/>	Credit Life and Disability [§2202(a)(6)]	
Group and Blanket Life and Non-health Disability [§2202(a)(2)]		Supplemental Life Benefits [§2202(a)(7)]	
Individual Disability, Non-health [§2202(a)(3)]		Variable Life and Annuities [§2202(a)(8)]	
Medicare Supplement [§2202(a)(4)]		Fraternal [Non-health Disability. §2202(a)(9)]	
Long-Term Care [§2202(a)(5)]		Unclassified [§2202(a)(11)]	
* Describe briefly (documents other than those described above may have to be filed with other Department Bureaus; see §2206):			

3. GROUP AND/OR INDIVIDUAL [Are the forms group, individual or used in both contexts? §2205(b)]

Group Only:	<input checked="" type="checkbox"/>	Individual Only:		Group and Individual:	
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4. EMPLOYER SIZE (Employer Health Insurance Only) [Where the forms submitted provide health coverage through employment, the minimum and the maximum sizes of the employers in terms of number of employees §2205(c)]

2 to 50 Employees:	<input checked="" type="checkbox"/>	Over 50 Employees:		All Employers:	
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5. REPLACES PREVIOUSLY-APPROVED DOCUMENT(S)? [Do any documents replace previously-approved documents. §2205(d)]

N/A Rates Only

6. FINAL PRINT FORM? [List those documents NOT in the final printed form in which they will be issued to insureds §2205(e)]

Document(s)	Document(s)
Rates Only	

7. TYPE OF DOCUMENT WITH WHICH IT WILL BE USED [For each document (such as a rider) which is designed to be used with another document not included in the filing, a statement of the document class with which it is to be used. §2205(f)]

Document Form Number	Document Class (from Item 2, above)
N/A	

8. Master Policy Form Number and Approval Date: N/A Rates Only

[Where a certificate is submitted for use with a previously approved “group” document, the form number and the filing or approval date of the previously approved group document. §2205(g)]

9. IF ABOVE INFORMATION CANNOT BE FURNISHED, EXPLAIN WHY. [If the submitter is unable to furnish the information requested above, explain why. §2205(h)]

10. REMARKS AND ADDITIONAL INFORMATION (Attach additional sheets if necessary):

SUBMITTER’S SIGNATURE AND TITLE: Jennifer Smith

Digitally signed by Jennifer Smith
 DN: cn=Jennifer Smith, o, ou,
 email=jennifer.x.smith@healthnet.com, c=US
 Date: 2016.05.23 12:44:25 -07'00'

California Department of Insurance Document Submission Form

California Insurer Number (Not NAIC Number): 3173-2		FOR DEPARTMENT USE ONLY			
Insurer Name: Health Net Life Insurance Company		CDI file number: <input type="checkbox"/> PAB <input type="checkbox"/> AO <input type="checkbox"/> HPAB <input type="checkbox"/> HAO			
Submitter email and US mail addresses: Jennifer Smith / Regulatory Compliance Health Net Life Insurance Company 11931 Foundation Place, Building D Rancho Cordova, CA 95670		Reviewer: 			
Initial Submission Date: 6/1/2016		Department Action Date:			
	Document Form Number	Document Type (e.g., Policy, Rider, etc.)	Subdivision(s) of Cal. Code Regs., tit. 10 § 2202(a)	Department Action	Fee
1.	SBG Rates Eff January 1, 2017	Rates			
2.					
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FILER INSTRUCTIONS: Make entries on the form to the left of the triple vertical line. For each document being submitted, enter the document number and a plain language description of the document type. Use additional Document Submission Forms as necessary.				TOTAL:	\$ 0.00
				Page ____ of ____	



June 1, 2016

RE: Small Business Group PPO Rate Filing effective January 1, 2017

Dear Rates and Forms Analyst:

Filing Information

1. Company Legal Name: Health Net Life Insurance Company
2. State: California
3. HIOS Issuer ID: 99110
4. Market: Small Business Group
5. Effective Date: Groups enrolling Jan 1, 2017 – March 31, 2017
6. Primary Contact: Name: Sarah Mu
7. Primary Contact Telephone Number: (818) 676-8766
8. Primary Contact Email Address: Sarah.Y.Mu@healthnet.com
9. Product Names: Health Net PPO, Health Net EPO

Documentation Required for the Small Group Non-Grandfathered Health Plan

1. **Parts I, II, III of HHS Forms. (Requirements per 45 CFR §154.215)**
 - Part I Unified Rate Review Data Template
 - Part II Plain Language Summary
 - Part III Rate Filing Documentation and Actuarial Memorandum
 - Appendix C_Justification.xlsx (tables referenced in Part III in Excel format)
2. **SERFF Rate Data Template**
3. **Covered CA Forms**
 - Supplement Rate Review Template

4. SB1163 Filing Requirements

Third Party Independent Actuarial Certification

California Rate Filing Form

California Rate Filing Spreadsheet

California Plain Language Form

California Plain Language Spreadsheet

Actuarial Memorandum and Certification

Introduction

Submitted for your review are Health Net's proposed premium rates for fifteen Small Group plans effective January 1, 2017. Six plans are to be offered on the California Exchange and nine plans are to be offered off-Exchange. Two plans, Health Net PPO Gold Value and Health Net PPO Silver Value, are added for January 1, 2017 effective date. All rates are guaranteed for a 12-month period.

A secondary set of rates is included, reflecting an adjustment of \$5.64 per member, per month for infertility coverage.

The Single Risk Pool for this filing is comprised of ACA business already written as well as Transitional Small Business Groups.

Proposed Rate Increase(s)

This rate filing is for Small Groups with effective dates in Q1 2017. The rates are guaranteed for these groups for 12 months.

The Single Risk Pool is comprised of our Non-Grandfathered Small Group CDI business. The projected claims experience was developed using the twelve month period that begins January 1, 2015 and ends December 31, 2015 for the entire single risk pool. The premium was developed by taking the entire single risk pool and rating them as if all groups had a January 1, 2017 rerate month. In addition, the rate increase includes the migration of Transitional members.

If our rate request is approved, the average expected annual increase is 15.0% for our PPO and EPO plans. This increase does not include the impact of demographic shifts. Increases will vary by (1) region as we changed our area factors for renewing business effective 7/1/2016 and after and (2) plan factor changes due to new plan designs, the 2017 AV calculator, and an updated estimate of induced demand factor by metal tier. Note that 15.0% is the average annual rate increase from Q1 2016 to Q1 2017. The average expected rate change versus the rate six months ago, which was the filing effective July 1, 2016, is 2.8%.

Our requested rate increase anticipates an after-tax profit of 0%. We are aiming at 3% after-tax profit in the long term.

The biannual increase over Q3 2016 is shown below.

% 2017Q1 / 2016Q3

Plan Name	Exchange	Total
Health Net Platinum 90 PPO 0/15	Exchange	4.3%
Health Net Gold 80 PPO 0/30	Exchange	3.7%
Health Net Silver 70 PPO 2000/45	Exchange	3.8%
Health Net Bronze 60 PPO 6300/75	Exchange	4.5%
Health Net Gold 80 EPO 1400/15 Alternate	Exchange	5.1%
Health Net Silver 70 EPO 1900/20 Alternate	Exchange	3.3%
Health Net Platinum 90 PPO 0/15	Off Exchange	4.1%
Health Net Gold 80 PPO 0/30	Off Exchange	2.0%
Health Net Silver 70 PPO 2000/45	Off Exchange	2.5%
Health Net Bronze 60 PPO 6300/75	Off Exchange	3.4%
Health Net PPO Bronze HSA	Off Exchange	4.1%
Health Net PPO Gold Value	Off Exchange	new plan
Health Net PPO Silver Value	Off Exchange	new plan
Health Net Gold 80 EPO 1400/15 Alternate	Off Exchange	3.1%
Health Net Silver 70 EPO 1900/20 Alternate	Off Exchange	3.5%

The annual increase over Q1 2016 is shown below. Increases are based on mapping 2016 plans to 2017 plans using our migration strategy. 2017 plan designs are not necessarily the same as 2016 plan designs.

% Renewal (2017Q1 / 2016Q1)

Plan Name	Exchange	Total
Health Net Platinum 90 PPO 0/15	Exchange	21.1%
Health Net Gold 80 PPO 0/30	Exchange	19.2%
Health Net Silver 70 PPO 2000/45	Exchange	12.1%
Health Net Bronze 60 PPO 6300/75	Exchange	7.6%
Health Net Gold 80 EPO 1400/15 Alternate	Exchange	16.2%
Health Net Silver 70 EPO 1900/20 Alternate	Exchange	9.1%
Health Net Platinum 90 PPO 0/15	Off Exchange	20.2%
Health Net Gold 80 PPO 0/30	Off Exchange	16.7%
Health Net Silver 70 PPO 2000/45	Off Exchange	10.1%
Health Net Bronze 60 PPO 6300/75	Off Exchange	5.8%
Health Net PPO Bronze HSA	Off Exchange	3.2%
Health Net PPO Gold Value	Off Exchange	new plan
Health Net PPO Silver Value	Off Exchange	new plan
Health Net Gold 80 EPO 1400/15 Alternate	Off Exchange	13.3%
Health Net Silver 70 EPO 1900/20 Alternate	Off Exchange	8.8%

Impact of Rate Factor Changes

Plan premiums are calculated as Calibrated Plan Specific Base Rate x Area Factor x Age Factor (subject to the three child limit). The age factors are federally-mandated.

The area factors are updated since the rate filing for Q3 2016. We performed a study of claims cost by region. We made a conscious choice to group regions 2, 4, & 8, regions 14,15, &17, and regions 5 & 6 because our experience is not entirely credible and those regions have very similar cost due to regional proximity and shared providers. We also capped the change of the area factor at 13.0% for regions 1, 3, 10, and 13. Table 1 below shows the Previous Area Rating Factors, Claims PMPM Area Relativities, the Implied Adjustment to Area Factors [= Claims Area Relativities / Previous Area Rating Factors], and the final pick of the new Area Factors. Table 2 below shows the previous and the updated area factors after normalization.

Table 1.

Area	1, 10, 13 Rural North/Sierra, Central Valley, Southern Desert	2, 4, 8 Wine Country/San Francisco/Sa n Mateo	3 Greater Sacramento Region	5, 6 Contra Costa/Alame da	7 Santa Clara	9 Santa Cruz/Monter ey	11 Central Valley2	12 South Coast	14, 15, 17 Kern/Los Angeles East/Inland Empire	16 Los Angeles West	18 Orange County	19 San Diego	Total
Membership as of Dec 2015	670	10,932	2,298	6,568	8,726	3,541	1,106	4,962	12,030	12,579	12,293	10,836	86,541
Previous Area Rating Factors	0.989	1.142	0.953	1.101	1.093	1.228	0.850	0.885	0.907	1.026	0.871	0.945	1.000
2015CY Claims PMPM Area Relativity ⁽¹⁾	1.295	1.134	1.182	1.095	1.095	1.183	0.852	0.893	0.888	1.005	0.909	0.900	1.000
Implied Adjustment to Area Factors	31.0%	-0.7%	24.1%	-0.5%	0.2%	-3.6%	0.2%	1.0%	-2.1%	-2.1%	4.4%	-4.7%	0.1%
Final pick of the New Area Factors	1.117	1.139	1.077	1.100	1.100	1.189	0.855	0.897	0.892	1.009	0.913	0.904	1.000
Final adjustment to Area Factors	13.0%	-0.3%	13.0%	-0.1%	0.7%	-3.2%	0.6%	1.4%	-1.7%	-1.7%	4.9%	-4.3%	0.0%

Table 2.

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

Impact of Benefit Plan Changes

Some plans are the 2017 standard plans designed by Covered CA; we relied on their AV calculations as a component of plan pricing. Alternate plans were designed by Health Net and their AVs were internally calculated.

Experience Period Premium and Claims

Experience Period:

January 1, 2015 – December 31, 2015

Premiums (net of MLR Rebate) in Experience Period:

Premiums are actual member premiums collected during the experience period. As MLR rebates are not applicable during the experience period, rebates were not included.

Allowed and Incurred Claims Incurred During the Experience Period:

Incurred claims were pulled directly from Health Net's internal claims system.

Per the instructions of the URRT, the base period for the Single Risk Pool is the Small Group Non-Grandfathered Pool in CY 2015.

		2015 Experience (Before Risk Adjustment)		
Experience:		Total	PMPM	% of Revenue
A	Experience Period Member Months	1,058,522	88,210	
B	Expected Member Months in the Rating Period	1,038,492	86,541	
C	Experience Period Premium	474,561,099	\$448.32	
D	System Experience Period Incurred Claims	434,613,097	\$410.58	
E	Off-System Adjustments	7,068,599	\$6.68	
F	Experience Incurred Completed Claims	441,681,697	\$417.26	
	Experience Period Medical Loss Ratio			93.1%

- Incurred but not paid claims are based on historical claims payment patterns.
- The projected claims experience was developed using January 2015 – December 2015 experience for non-grandfathered plans. All non-grandfathered ACA and Transitional plans were included as they will all be a part of the Single Risk Pool as of Jan 1, 2017.
- An off-system adjustment of \$6.68 was made to account for pediatric dental and vision. These services are provided through a capitated third party provider. This benefit is currently not included in our internal systems, thus claims have to adjust for it. It is computed as the per-child per-month cap rate multiplied by the number of children age 0-18 in the experience period, January 2015 – December 2015.

The off-system adjustment of \$6.68 is calculated as the adjustments for the renewing ACA market and the Transitional market weighted by the member months during the experience period.

Adjustment for Pediatric Dental and Pediatric Vision =

[Adjustment for renewing ACA market x ACA Experience Member Months
+ Adjustment for Transitional Market x Transitional Experience Member Months]
/ All Member Months during Experience Period

$$\$6.68 = (\$28.76 + \$1.60) \times 22.0\%$$

	ACA Total
2015 Pediatric Dental PCPM	\$ 28.76
2015 Pediatric Vision PCPM	\$ 1.60
% of Children	22.0%
Total Cost for Book of Business	\$ 6.68

- The 2017 ACA Pool is a combination of these pools:
 - (1) The renewing ACA block,
 - (2) The Transitional Small Group plans migrating into ACA

Benefit Categories

Benefit categories are determined using a combination of diagnostic, procedural and other codes pulled from claims data, similar to how claims are mapped in Milliman’s Health Care Cost Guidelines, an industry-wide standard. Health Net’s algorithm is developed and maintained by our Health Care Solutions department.

Projection Factors

1. Eligibility requirements and exclusions conform to ACA.
2. The Index Rate as of January 1, 2017 was developed based on costs incurred between January 2015 and December 2015 for Non-Grandfathered Small Business Group HN Life business and adjusted to reflect anticipated Small Business Group demographics for 2015. These costs were adjusted based on the following changes not reflected in the January 2015 – December 2015 experience period. Non-Grandfathered experience is the combined experience of our ACA and Transitional pools.

	Claims development:	Total	PMPM
G	Experience Incurred Claims	\$441,681,697	\$417.26
H	Plan Mix	0.987	\$412.02
I	Age Adjustments (Aging)	1.038	\$427.74
J	Area Adjustments	1.000	\$427.87
K	Plan Adjustments (Change in AV)	1.017	\$435.35
L	Network Adjustments	1.000	\$435.34
M	Benefit Adjustments	1.000	\$435.38
N	Benefit Adjustments in Addition to EHBs	1.000	\$435.31
O	Claims Adjustment: Hepatitis C	1.000	\$435.31
P	Pricing Trend	9.0%	9.0%
Q	Months of Trend	25.0	25.0
R	Trend Factor	1.197	1.197
S	Projected Incurred Claims		\$520.87

(G) Experience Incurred Claims

This is the experience claims of the ACA and Transitional population.

(H) Plan Mix

This adjusts (G) so that claims cost reflects the mix shift by (1) metal tier, and (2) channel in the projection period.

(1)

2016 ACA On-Exchange = [ACA On-Exchange Platinum Claims Cost x ACA On-Exchange Platinum Expected Member Months + ACA On-Exchange Gold Claims Cost x ACA On-Exchange Gold Expected Member Months + ACA On-Exchange Silver Claims Cost x ACA On-Exchange Silver Expected Member Months + ACA On-Exchange Bronze Claims Cost x ACA On-Exchange Bronze Expected Member Months] / Expected On-Exchange Member Months from Metal Tiers

$$\$389.10 = (\$598.59 \times 11,776 + \$409.83 \times 29,990 + \$353.92 \times 34,806 + \$120.96 \times 6,950) / 83,521$$

2016 ACA Off-Exchange = [ACA Off-Exchange Platinum Claims Cost x ACA Off-Exchange Platinum Expected Member Months + ACA Off-Exchange Gold Claims Cost x ACA Off-Exchange Gold Expected Member Months + ACA Off-Exchange Silver Claims Cost x ACA Off-Exchange Silver Expected Member Months + ACA Off-Exchange Bronze Claims Cost x ACA Off-Exchange Bronze Expected Member Months] / Expected Off-Exchange Member Months from Metal Tiers

$$\$422.92 = (\$611.66 \times 148,562 + \$427.46 \times 333,403 + \$330.82 \times 256,198 + \$216.94 \times 65,001) / 803,165$$

(2) We exited Cal Choice as of 2016, thus Cal Choice is in the experience period member months, but not in the rating period member months. This adjustment removes the impact of Cal Choice members and their incurred claims.

Projected Non-Grandfathered Pool = [Renewing On-Exchange ACA Claims Cost x ACA Expected On-Exchange Member Months + Renewing Off-Exchange ACA Claims Cost x ACA Expected Off-Exchange Member Months + Transitional Claims Cost x Transitional Expected Member Months] / All Expected Member Months.

$$\$412.02 = (\$389.10 \times 83,521 + \$422.92 \times 803,165 + \$366.94 \times 151,806) / 1,038,492$$

(I) Age Adjustments

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

- A. We pulled the census of every member in California Small Business Group Non-Grandfathered CDI business between January 2015 and December 2015. The average age factor was calculated based on this population and using age factors provided by Milliman. The calculated value is 1.003
- B. We pulled the census of every member in California Small Group Non-Grandfathered CDI business as of January 2016. The average age factor was calculated based on this population's age as of August 1, 2017 (the date of the Adjusted Earned Premium) and using age factors provided by Milliman. The calculated value is 1.041
- C. Age Adjustments are then calculated, $(B) / (A) = 1.041 / 1.003 = 1.038$

(J) Area Adjustments

We must adjust January 2015 – December 2015 claims to reflect the average area factor of the population in the rating period.

- A. We pulled the census of every member in California Small Business Group Non-Grandfathered CDI business between January 2015 and December 2015. The average area factor was calculated based on this population and using our filed 2015 area factors. The calculated value is 1.001
- B. We pulled the census of every member in California Small Group Non-Grandfathered CDI business as of January 2016. The average area factor was calculated based on this population and using the proposed 2017 area factors. The calculated value is 1.001
- C. Area Adjustments are then calculated, $(B) / (A)$. Hence the Area Adjustment is $1.001 / 1.001 = 1.00$

(K) Plan Adjustments

We must adjust January 2015 – December 2015 claims to reflect the expected benefits to be paid in the rating period.

- A. The experience period has a paid to allowed ratio of 0.763, which is calculated as the average actuarial value of our California Small Business Group non-grandfathered CDI business during the experience period.
- B. We expect the paid to allowed ratio of future California Small Group business to be 0.776. This valuation was calculated as the average actuarial value of the proposed 2017 plans, based on our January 2016 Small Group CDI membership.

C. Plan Adjustments are then calculated, (B) / (A). Hence the Plan Adjustment is
 $0.776/0.763 = 1.017$

(L) Network Adjustments

The network adjustment is 1.00.

(M) EHB Benefit Adjustments

No Benefit Adjustments were made.

(N) Plan Adjustments in Addition to EHB

No Plan Adjustments in Addition to EHB were made.

(O) Claims Adjustment: Hepatitis C

We assessed the impact of new drugs for Hepatitis C, Sovaldi and Olysio (introduced in the beginning of 2014) to be fully realized in the experience period and trend.

(P) Trend Information and Projection (cost/utilization)

Trends are built from a “first principles” approach, calculating the expected unit cost change by hospital and medical group which is then weighted using the historic volume associated with each provider. Variables of trend such as anti-selection, underwriting wear-off, demographic changes, margin for trend, technology/intensity not included. There is no trend margin or fluctuation factor in trend development. Cost trends are supported by known and forecasted contractual increases based on our expectations of contracts in 2015. Implicit in 2015 contracts are the estimates that the providers have made to forecast their bad debt reduction to ACA.

The average medical and pharmacy trend is 9.0%.

The observed year over year paid claims trend normalized for region, age, and AV is 10.8% for ACA Compliant Plans with Cal Choice excluded. The estimated impact of morbidity change on trend is 0.4%. The observed trend adjusting for the impact from morbidity is 10.3% (see the table below).

Because the 10.3% is still based on relatively premature experience, we are picking a somewhat lower trend of 9.0%.

2014	MMs	Member Distribution	Paid PMPM	Average Region Factor	Average Age Factor	Average AV	Normalized Allowed Claims PMPM
Platinum	65,725	22%	\$527	0.998	0.993	0.881	\$604
Gold	105,725	35%	\$365	0.986	0.989	0.782	\$478
Silver	108,655	36%	\$308	0.995	1.004	0.706	\$437
Bronze	22,832	8%	\$206	1.001	0.962	0.604	\$355
Total	302,937	100%	\$368	0.993	0.993	0.763	\$482

2015	MMs	Member Distribution	Paid PMPM	Average Region Factor	Average Age Factor	Average AV	Normalized Allowed Claims PMPM	Trend	Trend excluding morbidity impact
Platinum	145,840	19%	\$650	1.000	1.017	0.881	\$725	20.1%	15.1%
Gold	279,502	37%	\$419	0.993	0.994	0.785	\$541	13.0%	13.1%
Silver	259,388	35%	\$327	1.008	1.009	0.711	\$452	3.3%	7.1%
Bronze	64,021	9%	\$202	1.012	0.984	0.605	\$336	-5.3%	-12.6%
Total	748,751	100%	\$414	1.001	1.003	0.763	\$528	9.7%	
Weighted Ave with 2014 Member Distribution							\$533	10.8%	10.3%

The components of the 9.0% trend are detailed below. All components are based on our Commercial book of business.

Annualized Trend Factor		
<u>Benefit Category</u>	<u>Cost</u>	<u>Util</u>
Inpatient Hospital	104.7%	104.3%
Outpatient Hospital	104.8%	104.3%
Professional	103.6%	104.3%
Other Medical	103.1%	104.3%
Capitation	102.0%	100.0%
<u>Prescription Drug</u>	<u>110.0%</u>	<u>101.0%</u>
Total	105.0%	103.8%

Medical Unit Cost Trend is the increase in health care costs due to medical inflation. It is estimated by reviewing current and anticipated future provider reimbursement arrangements. On top of provider reimbursement rate increases, filing unit cost trend also includes deductible leveraging.

Leveraging			
<u>Benefit Category</u>	<u>Unit</u>	<u>Factor</u>	<u>Cost</u>
Inpatient Hospital	4.3%	1.088	1.047
Outpatient Hospital	4.4%	1.088	1.048
Professional	3.3%	1.088	1.036
Other Medical	2.8%	1.088	1.031
Capitation	2.0%	1.000	1.020
Prescription Drug	10.0%	1.000	1.100

The deductible leveraging factor was obtained from the Milliman Cost Guidelines which display leveraging factors for a comprehensive major medical plan by deductible. Given our distribution of deductibles for our portfolio as of December 2015, we can expect a deductible leveraging factor of 1.088 on trend.

Deductible	ACA Mbrs by Ded	Leveraging Factor
-	61,294	1.040
100	-	1.050
250	-	1.060
350	-	1.068
500	-	1.080
750	-	1.100
1,000	57	1.110
1,500	35,610	1.130
1,800	35	1.142
2,000	-	1.150
2,500	-	1.170
3,000	-	1.184
3,500	-	1.198
4,000	-	1.212
4,750	339	1.233
5,000	8,011	1.240
6,000	791	1.268
6,350	-	1.278
Total	106,137	1.088

Medical Utilization Trend is the increase in health care costs due to changes in service. It includes evolutionary changes in medical care practices, increase in the supply of services, and changes in the overall health and/or attitude of the population.

We are projecting underlying claims expense separately from risk adjustment. The two naturally offset some. But on the claims expense side, we have seen some selection on the claims PMPM impact utilization trends. It's still early and we expect the utilization trend to come down to 3.8% for the rating period, which is what we reflect in the filing.

Rx Unit Cost Trend is the increase in health care costs due to prescription drug inflation. We used 10.0% Rx unit cost trend for rating.

Risk Adjustment and Reinsurance

(T) – (U) Risk Adjustment

The Average Market Risk Adjustment value of -\$2.06 is the weighted average of the Risk Adjustment for the ACA renewing and Transitional population.

	Risk Adjustment/Reinsurance Recoveries	Total	PMPM
T	Average Market Risk Adjustment	0.996	-\$2.06
U	Risk Adjustment Initiative		-\$1.36
V	Projected Incurred Claims (w/ ACA Adjustments)		\$517.45

ACA Risk Adjustment = [Renewing On-Exchange ACA RA x ACA Expected On-Exchange Member Months + Renewing Off-Exchange ACA RA x ACA Expected Off-Exchange Member

Months + Transitional Claims Cost x Transitional Expected Member Months] / All Expected Member Months

$$-\$2.06 = [\$23.10 \times 83,521 + -\$9.22 \times 803,165 + \$22.00 \times 151,806] / 1,038,492$$

Table below contains the projected RA by metal tier.

<u>RA PMPM</u>	<u>Platinum</u>	<u>Gold</u>	<u>Silver</u>	<u>Bronze</u>
On Exchange	\$104.63	\$2.39	-\$47.68	-\$226.46
Off Exchange	\$165.26	\$7.39	-\$52.92	-\$93.10

*Excluding Cal Choice

Transitional Plans have significant lower claims cost than that of ACA. The claims difference is expected to be offset by the RA difference to some extent.

We have undertaken an initiative to reduce claims errors that prevent claims from being accepted by HHS on the Edge server thus counting more claims and improving risk adjustment in process. We have assessed that this initiative will allow us to improve our risk adjustment transfer in by -\$1.36 PMPM.

Non-Benefit Expenses and Profit & Risk

Total Premium Retention is the amount to be retained by the insurer to cover all of the insurer's non-claim costs including expected profit. Note we display profit on an after-tax basis per the methodology established by the Unified Rate Review template which specifies that taxes and fees should include income tax and profit should be reported on an after tax basis.

	Administrative Development	Total	PMPM	% of Revenue
W	Administrative Expenses	\$35,932,939	\$34.60	5.7%
X	Commissions	\$55,524,246	\$53.47	8.8%
Y	Total Administrative Costs	\$91,457,185	\$88.07	14.5%

	Taxes and Fees	Total	PMPM	% of Revenue
Z	Premium Tax	\$0	\$0.00	0.0%
AA	Risk Adjustment Fee	\$151,447	\$0.15	0.0%
AB	Reinsurer's Fee	\$0	\$0.00	0.0%
AC	Exchange Fee	\$2,833,652	\$2.73	0.4%
AD	Insurer's Fee	\$0	\$0.00	0.0%
AE	PCORI	\$187,794	\$0.18	0.0%
AF	Income Tax	\$0	\$0.00	0.0%
AG	Payroll Tax	\$0	\$0.00	0.0%
AH	Total Taxes and Fees	\$3,172,893	\$3.06	0.5%

	Premium development	Total	PMPM	% of Revenue
AI	Experience Period Premium (C)	\$465,581,164	\$448.32	
AJ	Adjustments for Approved Rate Changes	\$83,748,493	\$80.64	
AK	Adjusted Earned Premium Q4 2015	\$531,139,638	\$511.45	
AL	Adjusted Earned Premium Q1 2016	\$549,329,657	\$528.97	
AM	Adjusted Earned Premium Q2 2016	\$605,358,356	\$582.92	
AN	Adjusted Earned Premium Q3 2016	\$614,840,520	\$592.05	
AO	Adjusted Earned Premium Q4 2016	\$614,840,520	\$592.05	

	Proposed Base Rate Development:	Total	PMPM	% of Revenue
AP	Projected Incurred Claims (w/ ACA Adjustments) (V)	\$537,203,028	\$517.29	
AQ	Total Administrative Costs (Y)	\$91,464,765	\$88.07	
AR	Total Taxes & Fees (AH)	\$3,172,893	\$3.06	
AS	After-Tax Profit / Margin	\$0	\$0.00	0.0%
AT	Required Revenue	\$631,840,686	\$608.42	
AU	Risk Adjusted Revenue	\$634,627,712	\$611.11	
AV	Requested Base Rate	\$631,840,686	\$608.42	
AW	Requested Base Increase over previously filed rates		2.8%	
AX	Requested Renewal Increase		15.0%	
AY	Target Medical Loss Ratio			85.0%

(W) Administrative Expenses

Projected operating expense is \$34.60. This is the 2015 Commercial charge and we assume 0% trend for 2017.

(X) Commissions

Broker commissions are 8.8% of premium. This is based on our agreements with the brokers.

(Z) Premium Tax

Starting July 2016, the premium tax of 2.35% will be waived, consistent with new MCO tax law.

(AA) Risk Adjustment Fee

Risk Adjustment is \$0.15 PMPM.

(AB) Reinsurer's Fee

The Reinsurer's Fee has been waived for CY 2017.

(AC) Exchange Fee

There will be an exchange fee of 5.2% of revenue before risk adjustment in CY2017. This fee must be spread to the entire book of business, both on and off exchange, as rates off the exchange for Qualified Health Plans must match rates on the exchange. That implies that all plans must incur at charge of 0.4% to reflect the assessment of the Exchange Fee.

(AD) Insurer's Fee

The Insurer's Fee has been waived for CY 2017.

(AE) PCORI

PCORI is \$0.18 PMPM, as set by the Federal Government.

(AF) Income Tax

Income tax is calculated as:

$$\begin{aligned} (\text{Profit} + \text{Insurer's Fee}) / (1 - \text{Corporate Tax Rate}) \times \text{Corporate Tax Rate} = \\ (0\% + 0\%) / (1 - .362) \times (.362) = 0\%. \end{aligned}$$

(AM) Adjusted Earned Premium

A renewal increase is calculated by comparing the proposed premium with an effective date of January 1, 2017 versus the adjusted earned premium one year prior or January 1, 2016.

The adjusted earned premium is the Small Group PPO rates filed for CDI ACA plans with January 1, 2016 effective dates. It is computed by pulling a census of ACA Small Group Non-Grandfathered members of January 2016 and rating all members as if they were on a January 2016 ACA plan using the rating formula:

$$\text{Member Premium} = \text{Plan Specific Base Rate} \times \text{Age Factor (with 3 child limit)} \times \text{Area Factor}$$

$$\text{Book of Business Premium} = \text{Sum of all Member Premiums (subject to the 3 child limit)}$$

The age factor of this population is determined by mapping every member to their ACA age factor, with the 3 child limit based on their age on 8/1/2017.

The area factor of this population is determined by mapping every member to their ACA area factor based on their current zip code.

The average plan factor of this population is the plan actor of the ACA plan they are currently enrolled in.

We note that the average area and plan of current rates is consistent with the average area and plan in projected claims. The average age uses the same population but aging in claims uses the

Milliman age factors which do not advantage one cohort over another and reflect the true claims costs by age. While aging in premium uses the ACA age factors, the age factors mandated in premium setting.

Thus current premium and projected incurred claims use the same demographics basis and a comparison of Required Premium versus Adjusted Earned Premium is the Renewal Rate Increase, the annual increase from Q1 2016 to Q1 2017.

(AS) After-Tax Margin/Profit

The after tax target profit is 0%.

(AT) Required Revenue

This is the sum of Projected Incurred Claims, Total Administrative Expense, Total Taxes and Fees and After-Tax Margin/Profit. It represents the average premium we expect to bill to groups.

(AU) Risk Adjusted Revenue

This is Required Revenue less Risk Adjustment (T) and Risk Adjustment Initiatives (U). The components of the Federal MLR like the Exchange Fee, the Insurer's Fee and Income Tax are paid as a % of Risk Adjusted Revenue, rather than Required Revenue.

(AX) Requested Renewal Increase

The comparison between required premium (which is projected incurred claims plus administrative expenses plus profit) and current premium determines the renewal increase. The overall renewal, the increase from Q1 2016 to Q1 2017, is 15.0%. The increase over the prior quarterly rates effective July 1, 2016, from Q3 2016 to Q1 2017, is 2.8%.

Projected Loss Ratio

Using the federally prescribed MLR methodology, the projected loss ratio is 85.8% which exceeds the Federal minimum of 80.0%. Note the actual Federal MLR is done at the legal entity and Small Group segment level which will include experience from this ACA filing as well as the Grandfathered filing.

The table below demonstrates the MLR methodology based on this filing only.

	Federal MLR Calculation	Total	PMPM	% of Revenue
AZ	Exchange Fee (AC)	\$2,812,592	\$2.71	0.4%
BA	Insurer's Fee (AD)	\$0	\$0.00	0.0%
BB	PCORI (AE)	\$187,794	\$0.18	0.0%
BC	Income Tax (AF)	\$0	\$0.00	0.0%
BD	Risk Adjustment Fee (AA)	\$151,447	\$0.15	0.0%
BE	Reinsurer's Fee (AB)	\$0	\$0.00	0.0%
BF	Allowed Deductible Expenses	\$3,151,833	\$3.04	0.5%
BG	Quality Improvement	\$2,491,627	\$2.40	0.4%
	Targeted GAAP Medical Loss Ratio			85.1%
	Federal MLR			85.8%

Projected Index Rate

The Projected Index Rate for the effective period is \$621.59. It is calculated by taking the Projected Incurred Claims (before ACA adjustments) and dividing it by the Paid to Allowed Ratio.

	Index Rate Development	Total	PMPM
BH	Projected Incurred Claims (S)		\$520.87
BI	Paid to Allowed Ratio		77.6%
BJ	Index Rate		\$671.08

(BH) Projected Incurred Claims

Assumptions that went into Projected Incurred Claims are discussed in detail in the following sections of this memorandum:

Experience Period Premium and Claims
Projection Factors

(BI) Paid to Allowed Ratio

We expect the paid to allowed ratio of future business to be 0.776. This valuation was calculated based on the member weighted average of the AVs of our 2017 portfolio as of January 2016. The AVs were determined based on the standalone AV calculator which is a paid to allowed calculator. Note the AVs are the AVs for the 2017 plans; these values are calculated by Covered CA and we relied on them without comment.

Market Adjusted Index Rate

After developing the Projected Index Rate, the Market Adjusted Index Rate is calculated as:

BK	Index Rate PMPM	\$671.08
BL	Reinsurance Program Adjustment	\$0.00
BM	Risk Adjustment	\$4.40
BN	Exchange User Fee Adjustment	\$3.49
BO	Market Adjusted Index Rate	\$670.17

(BL) Federal Reinsurance Program Adjustment

This is the negative of the (AB) Reinsurer's Fee and divided by (BI) Paid to Allowed Ratio.

(BM) Risk Adjustment

This is the negative of the sum of (T) Risk Adjustment Estimate and (U) Risk Adjustment Initiative divided by (BI) Paid to Allowed Ratio.

(BN) Exchange User Fee Adjustment

This is (AC) Exchange Fee, divided by (BI) Paid to Allowed Ratio.

(BO) Market Adjusted Index Rate

This is calculated as:

Index Rate PMPM – Federal Reinsurance Program Adjustment - Risk Adjustment + Exchange User Fee Adjustment.

Plan Adjusted Index Rate

After developing the Market Adjusted Index Rate, the Plan Adjusted Index Rate is calculated using the plan specific factors allowed by 45 CFR Part 156, §156.80(d)(2).

BP	Market Adjusted Index Rate	\$670.17
BQ	Actuarial value and cost-sharing adjustment	varies by plan
BR	Provider network, delivery system and utilization management adjustment	varies by plan
BS	Adjustment for benefits in addition to the EHBs	varies by plan
BT	Adjustment for distribution and administrative costs	varies by plan
BU	Plan Adjusted Index Rate	varies by plan

BV	Plan Adjusted Index Rate	varies by plan
BW	Age Curve Calibration	0.702
BX	Geographic Factor Calibration	0.985
BY	Provider Network Calibration	1.000
BZ	Benefits in addition to EHBs Calibration	0.989
CA	Calibrated Plan Adjusted Index Rate	varies by plan

(BQ) Actuarial Value and Cost-Sharing Adjustment

The Actuarial Value and Cost-Sharing Adjustment is the product of the AV of the plan as computed by the Standalone calculator, the Induced Demand Factor, and the Normalization Adjustment. The Normalization adjustment is a re-sloping of the actuarial value in order to account for induced demand in a manner such that the re-sloping is revenue-neutral. The average actuarial value and cost sharing adjustment of the book (0.776) is the same as the average AV of the book without induced demand. This normalization adjustment is calculated such that the weighted average of the product of actuarial values and induced demand factors equals the weighted average of the actuarial values. Please see Rating Factors in the Justification for the development of the Actuarial Value and Cost-Sharing Adjustment by plan.

(BR) Provider network, delivery system and utilization management adjustment

This varies by network and rating region, and represents the cost relativity of the EPO network to the PPO network. No changes since the prior approved filing were made.

(BS) Adjustment for benefits in addition to EHB

Claims are adjusted by a factor of 1.011 in order to reflect the addition of pediatric dental coverage. Pediatric dental coverage is included in our off-Exchange plans but is not included in plans offered on the Exchange.

The per-child wholesale rate charged by our vendor is \$28.76.

We expect 19.8% of the future California Small Group PPO business to be children. This is based on our January 2016 Small Group PPO membership.

The additional cost of Pediatric Dental is then $\$5.71 = \$28.76 \times 19.8\%$.

Experience Period Trended Incurred Claims = \$520.91

For plans offering pediatric dental coverage, the adjustment for benefits in addition to the EHBs (applied to the Plan Adjusted Index Rate) is $1.011 = \$5.71 / \$520.91 + 1$

(BT) Adjustment for distribution and administrative costs

This value is calculated as:

$1 + (\text{Premium Retention less Exchange Fee}) / (\text{Admin Multiplier Claims} + \text{Exchange Fee})$
where Premium Retention less Exchange Fee =
(Y) Total Administrative Costs + (AH) Total Taxes & Fees – (AC) Exchange User Fees +
(AS) Profit

Admin Multiplier Claims + Exchange Fee =
(AP) Projected Incurred Claims + (AC) Exchange User Fees

Two components of the above vary by distribution channel.

(1) (X) Commissions, which is a component of (Y) Administrative Costs and

(2) (AP) Projected Incurred Claims as On-Exchange plans do not have Pediatric Dental, thus their claims do not include this expense.

(BW) Age Curve Calibration

This is the inverse of the expected average age factor using the ACA age factors and the 3 child limit.

The age curve factor was calculated by pulling a census of our ACA SBG CDI membership as of January 2016. The ACA age factor is based on the member's age in years (rounded down) as of February 1, 2017 - the age implicit in (AM) Adjusted Earned Premium. The 3 child limit was applied so that dependent children age 0-20 were not counted if they were the 4th or more child in a family contract. The result of this analysis demonstrated that the average age factor for this block is 1.424. Thus to calibrate the plan adjusted index rate so that the implied age factor is 1.00, we multiply by the inverse of the average age factor of the block. The inverse of 1.424 is 0.702.

(BX) Geographic Factor Calibration

This is the inverse of the weighted average of the filed area factors, weighted by current ACA membership. To calculate average area factor, we pulled the census of every member in California Small Group Non-Grandfathered CDI business as of January 2016. The average area factor was calculated based on this population. The calculated value is 1.000, thus the inverse of it is 1.000.

(BY) Network Calibration

This is the inverse of the weighted average of the network factor, one of the four allowed modifiers to the Index Rate, weighted by current ACA membership. As this is multiplicative modifier to the index rate we must divide it out so that its impact on rates overall is revenue-neutral.

To calculate the average network factor, we pulled the census of every non-grandfathered member in California Small Group CDI business as of January 2016 by plan network. The average network factor was calculated based on this population and using our proposed 2016 network factors. The calculated value is 1.000. The inverse of this value is $1.000 = 1 / 1.000$.

(BZ) Plan Benefits in Addition to EHBs Calibration

This is the inverse of the weighted average of the plan benefits in addition to EHBs factor, one of the four allowed modifiers to the Index Rate, weighted by current ACA membership. As this is multiplicative modifier to the index rate we must divide it out so that its impact on rates overall is revenue neutral.

Pediatric Dental is the only benefit offered as an addition to EHBs. Plans are assessed a load of 1.011 (see section BS for a detailed explanation).

To calculate the average plan benefits in addition to EHBs factor, we pulled the census of every member in California Small Group ACA CDI business as of January 2016 by plan. Plans with pediatric dental have a load of 1.011; plans without pediatric dental have a load of 1.00. The average factor was calculated based on this population is 1.011. The inverse of this value is $0.989 = 1 / 1.011$.

AV Metal Values

All AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were entirely based on the AV Calculator.

AV Pricing Values

The AV Pricing values are described in detail in section (BG) Actuarial Value and Cost-Sharing Adjustment.

Rating Factors

We do not rate for tobacco. Per member premium is calculated as:

Plan Adjusted Index Rate
x Age Factor with 3 child limit
x Area Factor

Age Factors and Tier Factors:

We use ACA age factors with the 3 child limit.

Area Factors:

Area factors reflect the regional differences in provider contracting and claims cost. There were no changes since the prior filing.

Network Factors:

Network factors reflect the regional differences in provider network. Current members shown are those on ACA plans as of January 2016. There were no changes since the prior filing.

Infertility Rates

A secondary set of rates is included for all plans that include an adjustment of \$5.64 per member, per month for infertility coverage, calculated below:

Cost per Claimant (excludes paid claims < \$100)	\$525.54	
Expected Annual Utilization	8.3%	
Expected Cost PMPM	\$4.38	[= (\$525.54 x 10%) / 12]
Administrative Load	1.3	
Infertility Cost PMPM	\$5.64	[= \$4.38 x 1.3]

Unified Rate Review Template

Section I: Experience period data:

The Single Risk Pool is comprised of our Non-Grandfathered Small Group PPO business.

California Small Group Non-Grandfathered PPO incurred claims were pulled directly from Health Net’s internal claims system. A completion factor of was applied to account for claims incurred but not reported.

Section II: Allowed Claims, PMPM basis

Population Risk Morbidity – Population Risk Morbidity is 0.987. Please see above section (H) Morbidity Adjustment for further details regarding the quantitative development of this factor.

Other – This is the product of the following factors below. See above Projection Factors (I) – (O), for further details regarding the quantitative development of these items.

	Claims development	Total
I	Age Adjustments (Aging)	1.038
J	Area Adjustments	1.000
L	Network Adjustments	1.000
M	Benefit Adjustments	1.000
N	Benefit Adjustments in Addition to EHBs	1.000
O	Claims Adjustment: Hepatitis C	1.000
	<i>Equalize Months of Trend</i>	1.007
	<i>Equalize Paid to Allowed Ratio</i>	0.989
	Total	1.035

The “Other” adjustments column on Worksheet 1, Section II also includes the following adjustments in order to tie the URRT methodology to the Development of the Base Rate:

(A) One month's worth of trend because Small Group rates are updated quarterly rather than monthly. The projection period for Q1 2017 is 1/1/2017 – 2/30/2018 and has a midpoint of 8/1/2017, 25 months from the midpoint of the experience period, 7/1/2015. For the Uniform Rate Review Template, we include the impact of rates being updated quarterly in the "Other" adjustments section by applying one month's worth of trend in addition to the adjustments made above.

Administrative Expense Load – This is the sum of the following factors below. See above Non-Benefit Expenses and Profit & Risk (W) – (X), for further details regarding the quantitative development of these items.

	Administrative Development	% of Rev
W	Administrative Expenses	5.7%
X	Commissions	8.8%
	Total	14.5%

Profit – Profit is 0%. See above Non-Benefit Expenses and Profit & Risk for further details regarding the development of this item.

Taxes and Fees – This is the sum of the following items below. See above Non-Benefit Expenses and Profit & Risk (AC)-(AG), for further details regarding the quantitative development of these items.

	Total Taxes and Fees	% of Rev
AC	Exchange Fee	0.4%
AD	Insurer's Fee	0.0%
AE	PCORI	0.0%
AF	Income Tax	0.0%
AG	Payroll Tax	0.0%
	Total	0.5%

Credibility Manual Rate Development

Health Net did not employ the use of external claims experience.

Credibility of Experience

Our California Small Group Non-Grandfathered CDI experience data includes over 88,000 lives during the experience period (January 2015 – December 2015), and we considered it fully credible for the purpose of premium setting.

Paid to Allowed Ratio

We expect the paid to allowed ratio of future business to be 0.776. This valuation was calculated based on the member weighted average of the AVs of our 2017 portfolio as of January 2016. The AVs were determined based on the standalone AV calculator which is a paid to allowed

calculator. Note the AVs for the standard plans are calculated by Covered CA and we relied on them without comment.

Membership Projections

We project 86,541 members or 1,038,492 member months on 2017 ACA plans in California Small Group CDI business. This is the membership as of December 2015 for ACA and Transitional plans.

Warning Alerts

N/A

Effective Rate Review Information (optional)

N/A

Reliance

Health Net did not rely on any information or underlying assumptions provided by another individual.

Actuarial Certification

I, Sarah Mu, am an actuary for Health Net, Inc. and a member of the American Academy of Actuaries, in good standing.

I hereby certify the following:

1. The projected index rate, in conjunction with other ACA financial provisions, is in compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)), was developed in compliance with the applicable Actuarial Standards of Practice, is reasonable in relation to the benefits provided and the population anticipated to be covered, and is neither excessive nor deficient.
2. The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
3. The percent of total health care costs that represents essential health benefits included in Worksheet 2, Section IV were calculated in accordance with actuarial standards of practice.
4. The AV Metal Values included in Worksheet 2 of the Part I Unified Rate Review Template were distributed by Covered California. As directed by Covered California, we are submitting these plans based on Covered California's calculations.
5. Calculations are based on generally accepted actuarial rating principles for rating blocks of business.
6. The Part I Unified Rate Review Template does not demonstrate the process used by the Health Net to develop the rates. Rather it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.



Sarah Mu, FSA, MAAA
Health Net
21650 Oxnard Street
Woodland Hills, CA 91367
Phone #:(818) 676-8766

May 31, 2016
Date

Health Net Life Insurance
 Small Group Rate Filing Effective January 1, 2017
 ACA Plans
 Development of Rate Change or Base Rate

Development of the Index Rate

45 CFR Part 156, §156.80 sets the methodology to determine the Index Rate:

(d) Index rate —(1) In general. Each plan year or policy year, as applicable, a health insurance issuer must establish an index rate for a state market described in paragraphs (a) through (c) of this section based on the total combined claims costs for providing essential health benefits within the single risk pool of that state market. The index rate must be adjusted on a market-wide basis based on the total expected market-wide payments and charges under the risk adjustment and reinsurance programs in the state and Exchange user fees. The premium rate for all of the health insurance issuer's plans in the relevant state market must use the applicable market-wide adjusted index rate, subject only to the plan-level adjustments permitted in paragraph (d)(2) of this section.

Experience Period (from X to Y)	1/1/2015	12/31/2015
Paid through Date		3/31/2016
Rating Period (from X to Y)	1/1/2017	2/28/2018

		Total Non-Grandfathered		
	Experience:	Total	PMPM	% of Revenue
A	Experience Period Member Months	1,058,522	88,210	
B	Expected Member Months in the Rating Period	1,038,492	86,541	
C	Experience Period Premium	474,561,099	\$448.32	
D	System Experience Period Incurred Claims	434,613,097	\$410.58	
E	Off-System Adjustments	7,068,599	\$6.68	
F	Experience Incurred Completed Claims	441,681,697	\$417.26	
	Experience Period Medical Loss Ratio			93.1%

	Claims development:	Total	PMPM	% of Revenue
G	Experience Incurred Claims	\$441,681,697	\$417.26	
H	Plan Mix	0.987	\$412.02	
I	Age Adjustments (Aging)	1.038	\$427.74	
J	Area Adjustments	1.000	\$427.87	
K	Plan Adjustments (Change in AV)	1.017	\$435.35	
L	Network Adjustments	1.000	\$435.34	
M	Benefit Adjustments	1.000	\$435.38	
N	Benefit Adjustments in Addition to EHBs	1.000	\$435.31	
O	Claims Adjustment: Hepatitis C	1.000	\$435.31	
P	Pricing Trend	9.0%	9.0%	
Q	Months of Trend	25.0	25.0	
R	Trend Factor	1.197	1.197	
S	Projected Incurred Claims		\$520.87	

	Risk Adjustment/Reinsurance Recoveries	Total	PMPM	% of Revenue
T	Average Market Risk Adjustment	0.996	(\$2.06)	
U	Risk Adjustment Initiative		(\$1.36)	
V	Projected Incurred Claims (w/ ACA Adjustments)		\$517.45	

	Administrative Development	Total	PMPM	% of Risk Adj'd Rev	% of Revenue
W	Administrative Expenses	\$35,932,939	\$34.60	5.7%	5.7%
X	Commissions	\$55,546,700	\$53.49	8.7%	8.8%
Y	Total Administrative Costs	\$91,479,640	\$88.09	14.4%	14.5%

	Taxes and Fees	Total	PMPM	% of Risk Adj'd Rev	% of Revenue
Z	Premium Tax	\$0	\$0.00	0.0%	0.0%
AA	Risk Adjustment Fee	\$151,447	\$0.15	0.0%	0.0%
AB	Reinsurer's Fee	\$0	\$0.00	0.0%	0.0%
AC	Exchange Fee	\$2,812,592	\$2.71	0.4%	0.4%
AD	Insurer's Fee	\$0	\$0.00	0.0%	0.0%
AE	PCORI	\$187,794	\$0.18	0.0%	0.0%
AF	Income Tax	\$0	\$0.00	0.0%	0.0%
AG	Payroll Tax	\$0	\$0.00	0.0%	0.0%
AH	Total Taxes and Fees	\$3,151,833	\$3.04	0.5%	0.5%

	Premium development	Total	PMPM		% of Revenue
AI	Experience Period Premium (C)	\$465,581,164	\$448.32		
AJ	Adjustments for Approved Rate Changes	\$83,748,493	\$80.64		
AK	Adjusted Earned Premium Q4 2015	\$531,139,638	\$511.45		
AL	Adjusted Earned Premium Q1 2016	\$549,329,657	\$528.97		
AM	Adjusted Earned Premium Q2 2016	\$605,358,356	\$582.92		
AN	Adjusted Earned Premium Q3 2016	\$614,840,520	\$592.05		
AO	Adjusted Earned Premium Q4 2016	\$614,840,520	\$592.05		

	Proposed Base Rate Development:	Total	PMPM	% of Risk Adj'd Rev	% of Revenue
AP	Projected Incurred Claims (w/ ACA Adjustments) (V)	\$537,371,215	\$517.45		
AQ	Total Administrative Costs (Y)	\$91,479,640	\$88.09		
AR	Total Taxes & Fees (AH)	\$3,151,833	\$3.04		
AS	After-Tax Profit / Margin	\$0	\$0.00	0.0%	0.0%
AT	Required Revenue	\$632,002,687	\$608.58		
AU	Risk Adjusted Revenue	\$635,548,744	\$611.99		
AV	Requested Base Rate	\$632,002,687	\$608.58		
AW	Requested Base Increase over previously filed rates		2.8%		
AX	Requested Renewal Increase		15.0%		
AY	Target Medical Loss Ratio				85.0%

	Federal MLR Calculation	Total	PMPM		% of Revenue
AZ	Exchange Fee (AC)	\$2,812,592	\$2.71		0.4%
BA	Insurer's Fee (AD)	\$0	\$0.00		0.0%
BB	PCORI (AE)	\$187,794	\$0.18		0.0%
BC	Income Tax (AF)	\$0	\$0.00		0.0%
BD	Risk Adjustment Fee (AA)	\$151,447	\$0.15		0.0%
BE	Reinsurer's Fee (AB)	\$0	\$0.00		0.0%
BF	Allowed Deductible Expenses	\$3,151,833	\$3.04		0.5%
BG	Quality Improvement	\$2,491,627	\$2.40		0.4%
	Targeted GAAP Medical Loss Ratio				85.1%
	Federal MLR				85.8%

	Index Rate Development	Total	PMPM		% of Revenue
BH	Projected Incurred Claims (S)		\$520.87		
BI	Paid to Allowed Ratio		77.6%		
BJ	Index Rate		\$671.08		

Development of the Market Adjusted Index Rate

BK	Index Rate PMPM	\$671.08
BL	Reinsurance Program Adjustment	\$0.00
BM	Risk Adjustment	\$4.40
BN	Exchange User Fee Adjustment	\$3.49
BO	Market Adjusted Index Rate	\$670.17

Development of Plan Adjusted Index Rate

Allowable modifiers to the Index Rate are defined in 45 CFR Part 156, §156.80(d)(2)

BP	Market Adjusted Index Rate	\$670.17
BQ	Actuarial value and cost-sharing adjustment	varies by plan
BR	Provider network, delivery system and utilization management adjustment	varies by plan
BS	Adjustment for benefits in addition to the EHBs	varies by plan
BT	Adjustment for distribution and administrative costs	varies by plan
BU	Plan Adjusted Index Rate	varies by plan

BV	Plan Adjusted Index Rate	varies by plan
BW	Age Curve Calibration	0.702
BX	Geographic Factor Calibration	0.985
BY	Provider Network Calibration	1.000
BZ	Benefits in addition to EHBs Calibration	0.989
CA	Calibrated Plan Adjusted Index Rate	varies by plan

Rating Factor Exhibit

Company Legal Name: Health Net Life Insurance Company
 HIOS Issuer ID: 99110
 Effective Date of Rate Change(s): 1/1/2017

State: CA
 Market: Small Group

Market/Product/Plan Level Calculations

Market Adjusted Index Rate

Index Rate	\$671.08
Federal Reinsurance Program Adjustment	\$0.00
Risk Adjustment	\$4.40
Exchange User Fee Adjustment	\$3.49
Market Adjusted Index Rate	\$670.17

Plan Adjusted Index Rate

	Health Net Platinum 90 PPO 0/15	Health Net Gold 80 PPO 0/30	Health Net Silver 70 PPO 2000/45	Health Net Bronze 60 PPO 6300/75	Health Net Platinum 90 PPO 0/15 + Infertility	Health Net Gold 80 PPO 0/30 + Infertility	Health Net Silver 70 PPO 2000/45 + Infertility
Plan Name							
Plan ID (14-Digit) (Standard Component ID):	99110CA0300001	99110CA0300002	99110CA0300003	99110CA0300004	99110CA0300009	99110CA0300010	99110CA0300011
Region	1 - 19	1 - 19	1 - 19	1 - 19	1 - 19	1 - 19	1 - 19
Exchange Status	On	On	On	On	On	On	On
Pediatric Dental	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Infertility	No	No	No	No	Yes	Yes	Yes
Chiro	No	No	No	No	No	No	No
Product	PPO	PPO	PPO	PPO	PPO	PPO	PPO
Network	PPO	PPO	PPO	PPO	PPO	PPO	PPO
Metal Tier	Platinum	Gold	Silver	Bronze	Platinum	Gold	Silver
Market Adjusted Index Rate	\$670.17	\$670.17	\$670.17	\$670.17	\$670.17	\$670.17	\$670.17
Actuarial value	0.897	0.809	0.716	0.619	0.897	0.809	0.716
Induced Demand	1.099	1.022	0.985	0.907	1.099	1.022	0.985
Normalization	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Actuarial value and cost-sharing adjustment	0.986	0.826	0.705	0.561	0.986	0.826	0.705
Provider network, delivery system and utilization management adjustment	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Adjustment for benefits in addition to the EHBs	1.011	1.011	1.011	1.011	1.011	1.011	1.011
Adjustment for distribution and administrative costs	1.165	1.165	1.165	1.165	1.165	1.165	1.165
Plan Adjusted Index Rate	\$778.31	\$651.91	\$556.25	\$443.09	\$778.31	\$651.91	\$556.25

Calibration

Plan Adjusted Index Rate	\$ 778.31	\$ 651.91	\$ 556.25	\$ 443.09	\$ 778.31	\$ 651.91	\$ 556.25
Age Curve Calibration	0.702	0.702	0.702	0.702	0.702	0.702	0.702
Geographic Factor Calibration	0.985	0.985	0.985	0.985	0.985	0.985	0.985
Provider Network Calibration	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Benefits in addition to EHBs Calibration	0.989	0.989	0.989	0.989	0.989	0.989	0.989
Calibrated Plan Adjusted Index Rate	\$ 532.32	\$ 445.87	\$ 380.44	\$ 303.05	\$ 532.32	\$ 445.87	\$ 380.44

Rating Area Factors

Rating Area	1	2	3	4	5	6	7
Rating Area Factor	1.050	1.139	1.077	1.139	1.100	1.100	1.100



Health Net Bronze 60 PPO 6300/75 + Infertility 99110CA0300012	Health Net Platinum 90 PPO 0/15 99110CA0180001	Health Net Gold 80 PPO 0/30 99110CA0180002	Health Net Silver 70 PPO 2000/45 99110CA0180003	Health Net Bronze 60 PPO 6300/75 99110CA0180004	Health Net Platinum 90 PPO 0/15 + Infertility 99110CA0180009	Health Net Gold 80 PPO 0/30 + Infertility 99110CA0180010	Health Net Silver 70 PPO 2000/45 + Infertility 99110CA0180011	Health Net Bronze 60 PPO 6300/75 + Infertility 99110CA0180012	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360219
1 - 19 On Yes Yes No PPO PPO Bronze	1 - 19 Off Yes No No PPO PPO Platinum	1 - 19 Off Yes No No PPO PPO Gold	1 - 19 Off Yes No No PPO PPO Silver	1 - 19 Off Yes No No PPO PPO Bronze	1 - 19 Off Yes Yes No PPO PPO Platinum	1 - 19 Off Yes Yes No PPO PPO Gold	1 - 19 Off Yes Yes No PPO PPO Silver	1 - 19 Off Yes Yes No PPO PPO Bronze	1 On Yes No No EPO EPO Gold
\$670.17 0.619 0.907 1.000	\$670.17 0.897 1.099 1.000	\$670.17 0.809 1.022 1.000	\$670.17 0.716 0.985 1.000	\$670.17 0.619 0.907 1.000	\$670.17 0.897 1.099 1.000	\$670.17 0.809 1.022 1.000	\$670.17 0.716 0.985 1.000	\$670.17 0.619 0.907 1.000	\$670.17 0.797 1.022 1.000
0.561 1.000 1.011 1.165	0.986 1.000 1.011 1.169	0.826 1.000 1.011 1.169	0.705 1.000 1.011 1.169	0.561 1.000 1.011 1.169	0.986 1.000 1.011 1.169	0.826 1.000 1.011 1.169	0.705 1.000 1.011 1.169	0.561 1.000 1.011 1.169	0.815 0.916 1.011 1.165
\$443.09	\$781.48	\$654.56	\$558.51	\$444.89	\$781.48	\$654.56	\$558.51	\$444.89	\$588.93

\$ 443.09	\$ 781.48	\$ 654.56	\$ 558.51	\$ 444.89	\$ 781.48	\$ 654.56	\$ 558.51	\$ 444.89	\$ 588.93
0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702
0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989
\$ 303.05	\$ 534.48	\$ 447.68	\$ 381.99	\$ 304.28	\$ 534.48	\$ 447.68	\$ 381.99	\$ 304.28	\$ 402.79

8	9	10	11	12	13	14	15	16	17
1.139	1.189	1.190	0.855	0.897	1.171	0.892	0.892	1.009	0.892



Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360182	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360183	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360184	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360185	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360186	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360187	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360188	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360189	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360190	Health Net Gold 80 EPO 1400/15 Alternate 99110CA0360191
2 On Yes No No EPO EPO Gold	3 On Yes No No EPO EPO Gold	4 On Yes No No EPO EPO Gold	5 On Yes No No EPO EPO Gold	6 On Yes No No EPO EPO Gold	7 On Yes No No EPO EPO Gold	8 On Yes No No EPO EPO Gold	9 On Yes No No EPO EPO Gold	10 On Yes No No EPO EPO Gold	11 On Yes No No EPO EPO Gold
\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000
0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165
\$588.93	\$588.93	\$588.93	\$588.93	\$588.93	\$588.93	\$588.93	\$588.93	\$588.93	\$588.93

\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93
0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702
0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989
\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79

18	19
0.913	0.904



Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0360212	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0360213	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0360214	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0360215	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0360216	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0360221	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0360222	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0360223	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0360224	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0360225
15 On Yes Yes No EPO EPO Gold	16 On Yes Yes No EPO EPO Gold	17 On Yes Yes No EPO EPO Gold	18 On Yes Yes No EPO EPO Gold	19 On Yes Yes No EPO EPO Gold	1 On Yes No No EPO EPO Silver	2 On Yes No No EPO EPO Silver	3 On Yes No No EPO EPO Silver	4 On Yes No No EPO EPO Silver	5 On Yes No No EPO EPO Silver
\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000
0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.815 0.916 1.011 1.165	0.703 0.916 1.011 1.165	0.703 0.916 1.011 1.165	0.703 0.916 1.011 1.165	0.703 0.916 1.011 1.165	0.703 0.916 1.011 1.165
\$588.93	\$588.93	\$588.93	\$588.93	\$588.93	\$507.92	\$507.92	\$507.92	\$507.92	\$507.92

\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 588.93	\$ 507.92	\$ 507.92	\$ 507.92	\$ 507.92	\$ 507.92
0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702
0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989
\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 402.79	\$ 347.39	\$ 347.39	\$ 347.39	\$ 347.39	\$ 347.39



Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370210	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370211	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370212	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370213	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370214	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370215	Health Net Gold 80 EPO 1400/15 Alternate + Infertility 99110CA0370216	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0370221	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0370222	Health Net Silver 70 EPO 1900/20 Alternate 99110CA0370223
12 Off Yes Yes Yes EPO EPO Gold	14 Off Yes Yes Yes EPO EPO Gold	15 Off Yes Yes Yes EPO EPO Gold	16 Off Yes Yes Yes EPO EPO Gold	17 Off Yes Yes Yes EPO EPO Gold	18 Off Yes Yes Yes EPO EPO Gold	19 Off Yes Yes Yes EPO EPO Gold	1 Off Yes No Yes EPO EPO Silver	2 Off Yes No Yes EPO EPO Silver	3 Off Yes No Yes EPO EPO Silver
\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.797 1.022 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000
0.815 0.916 1.011 1.169	0.815 0.916 1.011 1.169	0.815 0.916 1.011 1.169	0.815 0.916 1.011 1.169	0.815 0.916 1.011 1.169	0.815 0.916 1.011 1.169	0.815 0.916 1.011 1.169	0.703 0.916 1.011 1.169	0.703 0.916 1.011 1.169	0.703 0.916 1.011 1.169
\$591.32	\$591.32	\$591.32	\$591.32	\$591.32	\$591.32	\$591.32	\$509.99	\$509.99	\$509.99

\$ 591.32	\$ 591.32	\$ 591.32	\$ 591.32	\$ 591.32	\$ 591.32	\$ 591.32	\$ 591.32	\$ 509.99	\$ 509.99	\$ 509.99
0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702
0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989
\$ 404.43	\$ 404.43	\$ 404.43	\$ 404.43	\$ 404.43	\$ 404.43	\$ 404.43	\$ 348.80	\$ 348.80	\$ 348.80	\$ 348.80



Health Net Silver 70 EPO 1900/20 Alternate + Infertility 99110CA0370254	Health Net Silver 70 EPO 1900/20 Alternate + Infertility 99110CA0370255	Health Net Silver 70 EPO 1900/20 Alternate + Infertility 99110CA0370256	Health Net PPO Bronze HSA 99110CA0180013	Health Net PPO Bronze HSA + Infertility 99110CA0180014	Health Net PPO Gold Value 99110CA0180015	Health Net PPO Silver Value 99110CA0180016	Health Net PPO Gold Value + Infertility 99110CA0180017	Health Net PPO Silver Value + Infertility 99110CA0180018
17 Off Yes Yes Yes EPO EPO Silver	18 Off Yes Yes Yes EPO EPO Silver	19 Off Yes Yes Yes EPO EPO Silver	1 - 19 Off Yes No Yes PPO PPO Bronze	1 - 19 Off Yes Yes Yes PPO PPO Bronze	1-19 Off Yes No Yes PPO PPO Gold	1-19 Off Yes No Yes PPO PPO Silver	1-19 Off Yes Yes Yes PPO PPO Gold	1-19 Off Yes Yes Yes PPO PPO Silver
\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.713 0.985 1.000	\$670.17 0.619 0.907 1.000	\$670.17 0.619 0.907 1.000	\$670.17 0.783 0.955 1.000	\$670.17 0.692 0.896 1.000	\$670.17 0.783 0.955 1.000	\$670.17 0.692 0.896 1.000
0.703 0.916 1.011 1.169	0.703 0.916 1.011 1.169	0.703 0.916 1.011 1.169	0.562 1.000 1.011 1.169	0.562 1.000 1.011 1.169	0.748 1.000 1.011 1.169	0.620 1.000 1.011 1.169	0.748 1.000 1.011 1.169	0.620 1.000 1.011 1.169
\$509.99	\$509.99	\$509.99	\$445.18	\$445.18	\$592.72	\$491.62	\$592.72	\$491.62

0.776161
1 0.998646
0.777213

\$ 509.99	\$ 509.99	\$ 509.99	\$ 445.18	\$ 445.18	\$ 592.72	\$ 491.62	\$ 592.72	\$ 491.62
0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702	0.702
0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985	0.985
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989	0.989
\$ 348.80	\$ 348.80	\$ 348.80	\$ 304.47	\$ 304.47	\$ 405.38	\$ 336.24	\$ 405.38	\$ 336.24

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	X	Y						
1	Unified Rate Review v3.3																													
2																														
3	Company Legal Name:		Health Net Life Insurance Com State:												CA															
4	HIOS Issuer ID:		99110												Market:		Small Group													
5	Effective Date of Rate Change(s):		1/1/2017																											
6																														
7																														
8	Market Level Calculations (Same for all Plans)																													
9																														
10																														
11	Section I: Experience period data																													
12	Experience Period:		1/1/2015		to		12/31/2015																							
13			<u>Experience Period</u>																											
14			<u>Aggregate Amount</u>		<u>PMPM</u>		<u>% of Prem</u>																							
15	Premiums (net of MLR Rebate) in Experience Period:		\$474,561,099		\$448.32		100.00%																							
16	Incurred Claims in Experience Period		\$441,681,697		417.26		93.07%																							
17	Allowed Claims:		\$585,204,890		552.85		123.31%																							
18	Index Rate of Experience Period				\$552.85																									
19	Experience Period Member Months		1,058,522																											
20	Section II: Allowed Claims, PMPM basis																													
21			<u>Experience Period</u>						<u>Projection Period:</u>		1/1/2017		to		12/31/2017		Mid-point to Mid-point, Experience to Projection:		24 months											
22			<u>on Actual Experience Allowed</u>						<u>Adj't. from Experience to Projection Period</u>		<u>Annualized Trend Factors</u>		<u>Projections, before credibility Adjustment</u>				<u>Credibility Manual</u>													
23	Benefit Category		Utilization Description		Utilization per 1,000		Average Cost/Service		PMPM		Pop'l risk Morbidity		Other		Cost		Util		Utilization per 1,000		Average Cost/Service		PMPM		Utilization per 1,000		Average Cost/Service		PMPM	
24	Inpatient Hospital		Admits		46.29		\$33,927.22		\$130.86		0.987		1.035		1.047		1.043		49.76		\$38,469.93		\$159.51		0.00		\$0.00		\$0.00	
25	Outpatient Hospital		Visits		243.57		4,623.89		93.85		0.987		1.035		1.048		1.043		261.84		5,251.39		114.58		0.00		0.00		0.00	
26	Professional		Visits		8,068.20		351.69		236.46		0.987		1.035		1.036		1.043		8,673.19		390.39		282.16		0.00		0.00		0.00	
27	Other Medical		Visits		157.77		757.46		9.96		0.987		1.035		1.031		1.043		169.60		832.80		11.77		0.00		0.00		0.00	
28	Capitation		Benefit Period		1,000.00		0.17		0.01		0.987		1.035		1.020		1.000		987.43		0.18		0.02		0.00		0.00		0.00	
29	Prescription Drug		Prescriptions		8,668.46		113.11		81.71		0.987		1.035		1.100		1.010		8,731.52		141.61		103.04		0.00		0.00		0.00	
30	Total								\$552.85														\$671.08						\$0.00	
31																														
32	Section III: Projected Experience:																										After Credibility		Projected Period Totals	
33																														
34																														
35																														
36																														
37																														
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48																														
49	Information Not Releasable to the Public Unless Authorized by Law: This information has not been publically disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.																													
50																														

					Non-ACA Plans 99110CA000
Gold 0.812 0.933 Terminated EPO Gold 80 EPO Alternate + Infertility	Silver 0.686 0.752 Terminated EPO Silver 70 HSA EPO Alternate	Silver 0.686 0.752 Terminated EPO Silver 70 HSA EPO Alternate + Infertility	Gold 0.812 0.933 Terminated EPO Gold 80 EPO Alternate	Gold 0.812 0.933 Terminated EPO Gold 80 EPO Alternate	Not Applicable 0.000 0.000 Terminated PPO Non- Grandfathered, Non-ACA Plans
99110CA0370199	99110CA0370145	99110CA0370163	99110CA0370181	99110CA0000000	
No	No	No	No	No	No
					0.00%
					0.00%
					0.00%
1/1/2017	1/1/2017	1/1/2017	1/1/2017	1/1/2017	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
#DIV/0!	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
					0.00%

99110CA0370199	99110CA0370145	99110CA0370163	99110CA0370181	99110CA0000000
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0	0	0	0	0

99110CA0370199	99110CA0370145	99110CA0370163	99110CA0370181	99110CA0000000
\$0.00	\$335.10	\$307.87	\$492.01	\$448.44
0	818	198	176	151,770
\$0	\$274,114	\$61,266	\$75,506	\$67,300,839
	100.00%	100.00%	100.00%	100.00%
	0.00%	0.00%	0.00%	0.00%
#VALUE!	0.00%	0.00%	0.00%	0.00%
\$0	\$29,221	\$6,817	\$52,544	\$73,363,545
	100.00%	100.00%	100.00%	100.00%
	0.00%	0.00%	0.00%	0.00%
#VALUE!	0.00%	0.00%	0.00%	0.00%
\$0	\$7,166	\$1,672	\$12,886	\$17,992,622
#DIV/0!	0.00%	0.00%	0.00%	0.00%
\$0	\$22,054	\$5,145	\$38,657	\$55,370,923
#DIV/0!	\$26.96	\$25.85	\$225.33	\$364.83
#DIV/0!	\$35.72	\$34.25	\$298.54	\$483.39
#DIV/0!	\$35.72	\$34.25	\$298.54	\$483.39

99110CA0370199	99110CA0370145	99110CA0370163	99110CA0370181	99110CA0000000
\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
100.00%	100.00%	100.00%	100.00%	100.00%
0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
\$0	\$0	\$0	\$0	\$0
100.00%	100.00%	100.00%	100.00%	100.00%
0.00%	0.00%	0.00%	0.00%	0.00%
0.00%	0.00%	0.00%	0.00%	0.00%
\$0	\$0	\$0	\$0	\$0
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

DEPARTMENT OF INSURANCE

Legal Division

45 Fremont Street, 24th Floor
San Francisco CA 94105



**California Plain-Language
Rate Filing Description**
[for Web site posting, Health & Safety
Code 1385.07(d), Insurance Code 10181.7(d)]

Company Name:

Health Net Life Insurance Company

SERFF Tracking Number

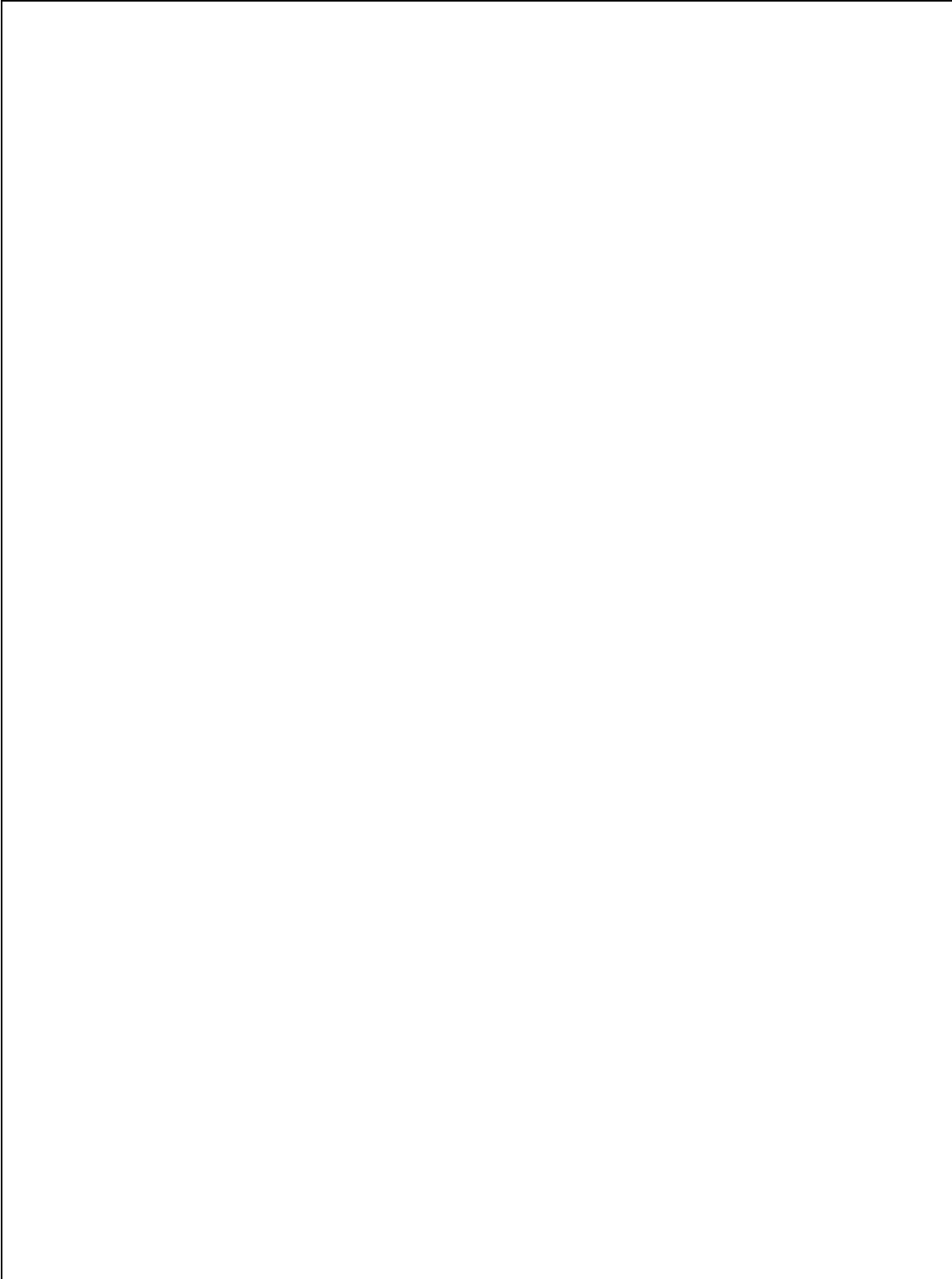
HNLI-130583376

Department File Number: (will be completed by Department)

TBD

1. Justification for any unreasonable rate increases.

(Include all information as to why the rate increase is justified. Attach supporting documentation to this PDF file.)



2) Overall annual medical trend factor assumptions for all benefits

9.0%

3) Actual Costs by Aggregate Benefit Category

Hospital Inpatient	Dollar Cost: \$114.3 Million
	Cost as Percentage of Medicare: N/A
Hospital Outpatient (including ER)	Dollar Cost: \$71.5 Million
	Cost as Percentage of Medicare: N/A
Physician/other professional services	Dollar Cost: \$153.9 Million
	Cost as Percentage of Medicare: N/A
Prescription Drug	Dollar Cost: \$61.1 Million
	Cost as Percentage of Average Wholesale Price: N/A
Laboratory (other than inpatient)	Dollar Cost: \$11.5 Million
	Cost as Percentage of Medicare: N/A

Radiology (other than inpatient)	Dollar Cost: \$9.7 Million
	Cost as Percentage of Medicare: N/A
Other (describe)	Dollar Cost and Description: Ancillary Providers and costs where we are unable to calculate as a cost as a percentage of Medicare, such as, anesthesiology claims where time units were not available \$19.4 Million

4) Amount of Projected Trend, by Aggregate Benefit Category, Attributable to Use of Services, Price Inflation, Fees and Risk

Hospital Inpatient	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 4.7%
	Trend attributable to fees and risk: 0.0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 4.8%
	Trend attributable to fees and risk: 0.0%

Physician/other professional services	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 3.6%
	Trend attributable to fees and risk: 0.0%
Prescription Drug	Trend attributable to use of services: 1.0%
	Trend attributable to price inflation: 10.0%
	Trend attributable to fees and risk: 0.0%
Laboratory (other than inpatient)	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 3.1%
	Trend attributable to fees and risk: 0.0%
Radiology (other than inpatient)	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 3.1%
	Trend attributable to fees and risk: 0.0%
Other (describe)	Ancillary Providers (e.g., Ambulance, DME, Dialysis) Use of Services: 4.3% Price Inflation: 3.1% Fees and Risk: 0.0%

5) Other Information

Complete and submit the CA Plain Language Spreadsheet.

#630302v7

CA PLAIN LANGUAGE SPREADSHEET v. 1

Company Name: Health Net Life Insurance Company

Company ID number for this filing:

SERFF ID number for this filing: HNLI-130583376

For the expense period on which the rates are based, premium attributed to:

Policy Form Numbers	Marketing Names	Medical Costs prior to rate increase ⁽¹⁾	Medical Costs after rate increase ⁽²⁾	Administrative costs prior to rate increase ⁽³⁾	Administrative costs after rate increase	Profit/margin projected prior to rate increase	Profit/margin projected after rate increase	Comments
A20601, A24401, A21601	Small Group PPO, EPO	80.2%	85.0%	17.0%	15.0%	2.8%	0.0%	

(1) "Prior to rate increase" refers to the projected experience period for 2016 Q2 filed rates

(2) "After rate increase" refers to the projected experience period for renewal months in 2016 Q3

(3) Included in the Administrative costs are the following taxes and fees:

Taxes and Fees	Prior to rate increase	After rate increase
Exchange Fee	0.2%	0.4%
Risk Adjustment Fee	0.0%	0.0%
Reinsurer's Fee	0.1%	0.0%
Premium Tax	0.0%	0.0%
Insurer's Fee	0.8%	0.0%
Income Tax	2.0%	0.0%
PCORI / Risk Adj	0.0%	0.0%
Total	3.2%	0.5%

DEPARTMENT OF INSURANCE

Legal Division

45 Fremont Street, 24th Floor
San Francisco CA 94105



California Rate Filing Form
For Individual and Small Group Health Insurance
Rate Filings for Existing Products, Version 2
(do not use this form for initial filings for new product rates)

The rate filing submission should include:

- 1) This form
- 2) A California Rate Filing Spreadsheet
- 3) An actuarial certification
- 4) A spreadsheet with rate information responsive to Questions 10 & 15, below
- 5) A California Plain-Language Filing Form
- 6) A California Plain-Language Spreadsheet

1) Company Name:

Health Net Life Insurance Company

2) Number of policy forms covered by the filing: 3

3) Policy form numbers covered by the filing:
List all of the policy form numbers covered by this filing in column "A" of the "California Rate Filing Spreadsheet". List all product names associated with each policy form number in column "B."

4) Product types covered by the filing. Selected from the following:

<input type="radio"/>	HMO (Health Maintenance Organization)
<input type="radio"/>	PPO (Preferred Provider Organization)
<input type="radio"/>	EPO (Exclusive Provider Organization)
<input type="radio"/>	POS (Point of Service)
<input type="radio"/>	FFS (Fee for Service)
<input checked="" type="radio"/>	Other (describe) <u>PPO and EPO</u>

5) Segment type. One of the following:

<input checked="" type="radio"/>	Small Group (2-50 employees)
<input type="radio"/>	Individual

Note: Large Group, Small Group, and Individual filings should not be combined within a single filing.

6) Plan/Insurer Type. One of the following: for-profit company, not-for-profit company

<input checked="" type="radio"/>	For-profit company
<input type="radio"/>	Not-for-profit company

7) Whether the products are open or closed. List each open or closed product by policy form number.

For each policy form number, indicate in column "C" of the California Rate Filing Spreadsheet whether the products are open or closed.

If all policy forms listed are open, check here:

If all products listed are closed, check here:

If only some policy forms listed are closed, check here:

8) Enrollment:

In column "D" of the California Rate Filing Spreadsheet, state the number of lives, including dependents, covered by each product as of the end of the latest month for which the data has been compiled.

9) Insured months in each policy form

In column "E" of the California Rate Filing Spreadsheet, state the number of insured (or member) months for the experience period on which the rates were based. (Does not apply to rates for new products.)

10) Annual Rate

In a separate spreadsheet, for each product included in the filing, show the current and proposed annual premium rates for each rating cell.

11) Total earned premium

For each policy form list:

In column "F" of the California Rate Filing Spreadsheet, state the experience period on which rates are based,

In column "G" of the California Rate Filing Spreadsheet, state the period for which rates are to be effective,

In column "H" of the California Rate Filing Spreadsheet, state the total premium earned for the experience period on which the rates are based.

- 12) In column "I" of the California Rate Filing Spreadsheet, state the total dollar amount of incurred claims in each policy form for the experience period on which the rates are based.

If helpful to understanding the basis for the filed rate increases, the insurer may, but is not required to, disaggregate incurred claim data into the aggregate benefit categories listed in item 18 below.

- 13) In column "J" of the CA Rate Filing Spreadsheet, state the average rate increase initially requested

The weighted average of the proposed rate increases included in the filing, weighting the increases by the number of covered lives for each product (per item 8, above). Rates for new products are not included in this calculation, as they have a weight of zero. (Does not apply to rates for new products.)

- 14) Review category: One of the following:

<input type="radio"/>	Initial Filing for New Product
<input checked="" type="radio"/>	Filing for Existing Product
<input type="radio"/>	Resubmission

Resubmissions should be submitted through SERFF under the same state filing number and SERFF tracking number assigned to the original submission of this filing. Do not submit resubmissions as a new filing.

- 15) Average rate of increase

In those instances in which there is a revision to the rates requested after initial submission, the revision should be submitted as an amendment to the original submission of this filing under the rate/rule form tab. Submit a revised California Rate Filing Form, a revised spreadsheet responsive to Question 10, and a revised California Rate Filing Spreadsheet, completing columns A, B, and J. Also, in the case of a resubmission, update the information under the "company rate information" field under the "Rate/Rule Schedule" tab in SERFF. The average rate of increase is a weighted average, calculated as in item 13, above.

- 16) Effective date of rate increase: January 1, 2017

The earliest anticipated date that the proposed rate increase, or new product rate, will take effect for a policyholder.

- 17) Number of policyholders or insureds affected by each policy form

This information was provided in item 8, above, and need not be repeated.

- 18) Overall medical trend factor and trend factors by aggregate benefit category:

Overall Medical Trend Factor

“Overall” means the weighted average of trend factors used to determine rate increases included in the filing, weighting the factor for each aggregate benefit category by the amount of projected medical costs attributable to that category.

9.0%

Medical Trend Factor by Aggregate Benefit Category

The aggregate benefit categories are each of the following – hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than hospital inpatient), other (describe).

Hospital Inpatient	9.2%
Hospital Outpatient (including ER)	9.3%
Physician/other professional services	8.1%
Prescription Drug	11.1%
Laboratory (other than inpatient)	7.6%
Radiology (other than inpatient)	7.6%
Other (describe)	7.6%

Optional Medical Trend Factor by Aggregate Benefit Category by Geographic Region

The insurer may, but is not required to, aggregate additional data in major geographic regions of the state. If the insurer chooses to so aggregate, the major geographic regions of the state are: Northern California (consisting of Monterey, Kings, Tulare, and Inyo counties, and all counties to the north), and Southern California (consisting of San Luis Obispo, Kern, and San Bernardino counties, and all counties to the south).

	North	South
Hospital Inpatient		
Hospital Outpatient (including ER)		
Physician/other professional services		
Prescription Drug		
Laboratory (other than inpatient)		
Radiology (other than inpatient)		
Other (describe)		

19) Projected medical trend

Use the same aggregate benefit categories used in item 18 –hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than Hospital inpatient), other (describe). Furthermore, within each aggregate category quantify the sources of trend, i.e. use of services, price inflation, and fees and risk.

Projected Medical Trend by Aggregate Benefit Category

Hospital Inpatient	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 4.7%
	Trend attributable to fees and risk: 0.0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 4.8%
	Trend attributable to fees and risk: 0.0%
Physician/other professional services	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 3.6%
	Trend attributable to fees and risk: 0.0%

Prescription Drug	Trend attributable to use of services: 1.0%
	Trend attributable to price inflation: 10.0%
	Trend attributable to fees and risk: 0.0%
Laboratory (other than inpatient)	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 3.1%
	Trend attributable to fees and risk: 0.0%
Radiology (other than inpatient)	Trend attributable to use of services: 4.3%
	Trend attributable to price inflation: 3.1%
	Trend attributable to fees and risk: 0.0%
Other (describe)	Use of Service: 4.3% Price Inflation: 3.1% Fees and Risk: 0.0%

20) Comparison of claims cost and rate of changes over time

For each proposed rate increase, provide the projected annualized incurred claims cost per insured for the period covered by the proposed rate, the historical incurred claims cost per insured for the most recent 12 months of the experience period on which the rates were based, and the historical incurred claims cost per insured for the next two most recent 12 month periods. Also, compare the rate of change of claims costs over all of the projected and historical periods for which information is provided. Show all claim costs according to aggregate benefit category.

See Appendix A

- 21) Describe any changes in enrollee/insured cost-sharing, compared to the prior year, associated with the submitted rate filing, including both the absolute amount of the change, and the percentage change, and quantify the impact of each change on each of the rates included in the filing. Also describe any changes in benefits exempted from cost-sharing, as well as any newly-imposed cost-sharing.

Plans are the 2017 standard plans designed by Covered CA. We relied on their AV calculations as a component of plan pricing.

- 22) Describe any changes in enrollee/insured benefits, including but not limited to hospital inpatient, hospital outpatient (including emergency services), physician and other professional services, laboratory services, radiology services, and other benefits (describe), compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing.

Plans are the 2017 standard plans designed by Covered CA. We relied on their AV calculations as a component of plan pricing.

- 23) Submit the required actuarial certification, described in Guidance 1163:2, under the "Supporting Documentation" tab in SERFF.

Submitted

24) Changes in administrative costs

Administrative costs are the costs defined in Sections 158.150, 158.151, 158.160, and 158.161 of 45 Code of Federal Regulations Subtitle A, Subchapter B, in the interim final rule issued by the Department of Health and Human Services on December 1, 2010 at 75 Federal Register 74924-74926. Using those definitions, describe the administrative costs for the policy forms included in this filing for the year prior to the requested rate increase, then also describe any changes in administrative costs, compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing. Changes should be shown separately for the costs defined by each of the sections of Code of Federal Regulations listed above in this item. (Does not apply to rates for new products.)

Administrative Fees	Current Filing		July 2016 Filing	
	PMPM	% of Revenue	PMPM	% of Revenue
Administrative Expenses	\$34.60	5.7%	\$36.45	6.2%
Commissions	\$53.49	8.8%	\$44.59	7.6%
Total Administrative Costs	\$88.08	14.5%	\$81.04	13.8%

26) Comments. Place any needed comments here.

A large, empty rectangular box with a thin black border, intended for providing comments. It occupies the central portion of the page.

#632743v16

Appendix A

Number 20

Policy Form Number	Marketing Name	Aggregate Benefit Category	Projected health care costs	Ann. Rate of Change	12-month health care costs ending Dec'15	Ann. Rate of Change	12-month health care costs ending Dec'14	Ann. Rate of Change	12-month health care costs ending Dec'13
A20601, A24401, A21601	Small Group PPO, EPO	Hospital Inpatient	\$135	11.5%	\$108	10.1%	\$98		N/A
A20601, A24401, A21601	Small Group PPO, EPO	Hospital Outpatient (including ER)	\$85	11.6%	\$68	7.4%	\$63		N/A
A20601, A24401, A21601	Small Group PPO, EPO	Physician/other prof services	\$178	10.3%	\$145	10.1%	\$132		N/A
A20601, A24401, A21601	Small Group PPO, EPO	Prescription Drug	\$75	13.4%	\$58	30.0%	\$44		N/A
A20601, A24401, A21601	Small Group PPO, EPO	Laboratory (other than inpatient)	\$13	9.8%	\$11	-3.9%	\$11		N/A
A20601, A24401, A21601	Small Group PPO, EPO	Radiology (other than inpatient)	\$11	9.8%	\$9	1.5%	\$9		N/A
A20601, A24401, A21601	Small Group PPO, EPO	Other (describe)	\$22	9.8%	\$18	26.1%	\$15		N/A

California Rate Filing Spreadsheet, v. 1

Company Name: Health Net Life Insurance Company

Company ID number:

SERFF ID number for this filing: HNLI-130583376

Policy Form Number	Product Name	Open or closed?	Enrollment	Insured months in each policy form	Experience Period on Which Rates are Based	Period for which rates are to be effective	Total premium earned during the experience period on which the rates are based	Total dollar amount of claims incurred during the experience period on which the rates are based	Average rate increase (weighted based on covered lives)	Average rate increase (weighted based on premium)	Comments
A20601, A24401, A21601	Small Group PPO, EPO	Open	86,541	1,058,522	Jan'15 - Dec'15	Jan'17 - Dec'17	\$474,561,099	\$441,681,697	4.8%	15.0%	

SERFF Tracking #:

HNLI-130583376

State Tracking #:

HAO-2016-0167

Company Tracking #:1/2017 SBG PPO AND EPO - ON AND
OFF EXCH...**State:**

California

Filing Company:

Health Net Life Insurance Company

TOI/Sub-TOI:

H16G Group Health - Major Medical/H16G.003G Small Group Only - Other

Product Name:

SBG EPO and PPO rates Effective January 1, 2017

Project Name/Number:

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Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
05/23/2016		Rate	A20601, A24401, A21601 Rates	06/03/2016	2017_CA_SBG_EPO_PPO_Rate_Table_2016-06-01.xls (Superseded)

SERFF Tracking #:	HNLI-130583376	State Tracking #:	HAO-2016-0167	Company Tracking #:	1/2017 SBG PPO AND EPO - ON AND OFF EXCH...
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State:	California	Filing Company:	Health Net Life Insurance Company
TOI/Sub-TOI:	H16G Group Health - Major Medical/H16G.003G Small Group Only - Other		
Product Name:	SBG EPO and PPO rates Effective January 1, 2017		
Project Name/Number:	/		

Attachment 2017_CA_SBG_EPO_PPO_Rate_Table_2016-06-01.xls is not a PDF document and cannot be reproduced here.