URRT Part II-Description of Requested Rate Increase
Wellmark Health Plan of Iowa, Inc.
Individual Health
Effective January 1, 2016

- **Scope and Range of Rate Increase**

For ACA plans there are about 1,798 policyholders representing about 3,046 members. All counts are as of March 2015. The requested average rate increase for all products is 28.7%, and will be effective January 1, 2016. The rate increase varies by plan, with a low of 26.2% and a high of 35.5%.

- **Financial Experience of the Product**

Rate development for ACA plans is outlined in the Part III Actuarial Memorandum. Wellmark's 2014 ACA experience, as well emerging 2015 ACA experience, is worse than anticipated. Thus current premium levels are too low to support the business, and will need to be increased substantially. The 2016 target loss ratio for these products is 81.9%.

- **Changes in Medical Service Costs**

Annual trend of 5.0% was used to project claims from the experience period into the rating period. This trend assumption includes any change in service costs and utilization. Due to natural fluctuations in claims amounts, multi-year trend averages and industry studies were reviewed to arrive at the assumed trend amount.

- **Changes in Benefits**

Benefits for all products within this filing remained relatively stable from the prior year's filing.

- **Administrative Costs and Anticipated Profits**

Administrative costs in aggregate have decreased as a percent of premium from the prior rating period. For 2016, Wellmark increased the risk margin (anticipated profit) from 0% in 2015, to a more reasonable nominal margin of 3%, which assists in ensuring long-term viability for Wellmark and its customers.

Unified Rate Review v2.0.4

Company Legal Name: **Wellmark Health Plan of Iowa** State: **IA**
HIOS Issuer ID: **25896** Market: **Individual**
Effective Date of Rate Change(s): **1/1/2016**

Market Level Calculations (Same for all Plans)

Section I: Experience period data

Experience Period: 1/1/2014 to 12/31/2014

	Experience Period Aggregate Amount	PMPM	% of Prem
Premiums (net of MLR Rebate) in Experience Period:	$14,853,000	$183.80	100.00%
Incurred Claims in Experience Period	$12,618,848	156.15	84.96%
Allowed Claims:	$19,560,657	242.05	131.69%
Index Rate of Experience Period		$242.00	
Experience Period Member Months	80,811		

Section II: Allowed Claims, PMPM basis

Projection Period: 1/1/2016 to 12/31/2016 Mid-point to Mid-point, Experience to Projection: 24 months

	Experience Period on Actual Experience Allowed				Adj't. from Experience to Projection Period				Annualized Trend Factors	Projections, before credibility Adjustment			Credibility Manual		
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**
Inpatient Hospital	Admits	44.85	10,538.07	$39.39	0.964	1.272	1.040	1.010		44.05	$14,492.53	$53.20	0.00	$0.00	$0.00
Outpatient Hospital	Services	8,776.78	94.38	69.03	0.964	1.272	1.040	1.010		8,619.57	129.80	93.23	0.00	0.00	0.00
Professional	Services	20,455.74	51.08	87.07	0.964	1.272	1.040	1.010		20,089.34	70.25	117.60	0.00	0.00	0.00
Other Medical	Services	2,409.18	43.33	8.70	0.964	1.272	1.040	1.010		2,366.03	59.59	11.75	0.00	0.00	0.00
Capitation		0.01	0.01	0.00	0.964	1.272	1.040	1.010		0.01	0.01	0.00	0.00	0.00	0.00
Prescription Drug	Other	8,920.97	50.93	37.86	0.964	1.272	1.040	1.010		8,761.18	70.04	51.14	0.00	0.00	0.00
Total				$242.05								$326.92			$0.00

Section III: Projected Experience:

			After Credibility	Projected Period Totals
Projected Allowed Experience Claims PMPM (w/applied credibility if applicable)	100.00%	0.00%	$326.92	$50,186,763
Paid to Allowed Average Factor in Projection Period			0.669	
Projected Incurred Claims, before ACA rein & Risk Adj't, PMPM			$218.81	$33,590,001
Projected Risk Adjustments PMPM			-77.30	(11,867,230)
Projected Incurred Claims, before reinsurance recoveries, net of rein prem, PMPM			$296.11	$45,457,230
Projected ACA reinsurance recoveries, net of rein prem, PMPM			-1.51	(231,808)
Projected Incurred Claims			$297.62	$45,689,038
Administrative Expense Load		12.00%	43.59	6,691,913
Profit & Risk Load		3.00%	10.90	1,672,978
Taxes & Fees		3.07%	11.15	1,712,014
Single Risk Pool Gross Premium Avg. Rate, PMPM			$363.26	$55,765,944
Index Rate for Projection Period			$326.92	
% increase over Experience Period			97.64%	
% Increase, annualized:			40.58%	
Projected Member Months				153,515

Product-Plan Data Collection

Company Legal Name: **Wellmark Health Plan of Iowa** State: **IA**
HIOS Issuer ID: **25896** Market: **Individual**
Effective Date of Rate Change(s): **1/1/2016**

Product/Plan Level Calculations

Section I: General Product and Plan Information

Product		Terminated Products	SimplyBlue		myBlue HSA			CompleteBlue						EnhancedBlue			SimplyBlue	CompleteBlue		EnhancedBlue	myBlue HSA			
Product ID:		25896IA005	25896IA016		25896IA017			25896IA018						25896IA019			25896IA020	25896IA021		25896IA022	25896IA023			
Metal:		Catastrophic	Bronze	Bronze	Silver	Bronze	Gold	Silver	Silver	Silver	Silver	Silver	Silver	Gold	Gold	Gold	Bronze	Silver	Silver	Gold	Gold	Silver	Bronze
AV Metal Value		0.000	0.616	0.619	0.720	0.619	0.806	0.719	0.720	0.684	0.713	0.706		0.820	0.820	0.820	0.616	0.719	0.710	0.818	0.799	0.712	0.618
AV Pricing Value		1.000	0.584	0.010	0.682	0.577	0.761	0.722	0.717	0.698	0.733	0.010		0.852	0.834	0.823	0.584	0.720	0.709	0.827	0.754	0.675	0.576
Plan Type:		HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO		HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO
Plan Name		2014 experience	SimplyBlue 5000 HMO	SimplyBlue 4750	myBlue HSA 3350 HMO	myBlue HSA 5950 HMO	myBlue HSA 2000 HMO	CompleteBlue 3000 HMO	CompleteBlue 2500 HMO	CompleteBlue 4000 HMO	CompleteBlue Max 5000 HMO	CompleteBlue Max 4500		EnhancedBlue Max 2750 HMO	EnhancedBlue 1250 HMO	EnhancedBlue 500 HMO	SimplyBlue Bronze 5000 HMO	CompleteBlue Silver 2500 HMO	CompleteBlue Silver 3500 HMO	EnhancedBlue Gold 1000 HMO	myBlue HSA Gold 2100 HMO	myBlue HSA Silver 3500 HMO	myBlue HSA Bronze 6000 HMO
Plan ID (Standard Component ID):		25896IA0050001	25896IA0160002	25896IA0160001	25896IA0170001	25896IA0170002	25896IA0170003	25896IA0180001	25896IA0180003	25896IA0180004	25896IA0180005	25896IA0180002		25896IA0190001	25896IA0190002	25896IA0190003	25896IA0200001	25896IA0210001	25896IA0210002	25896IA0220001	25896IA0230001	25896IA0230002	25896IA0230003
Exchange Plan?		No	No	No	No	No	No	No	No	No	No	No		No	No	No	No	No	No	No	No	No	No
Historical Rate Increase - Calendar Year - 2		0.00%	0.00%		0.00%			0.00%						0.00%			0.00%	0.00%		0.00%	0.00%		
Historical Rate Increase - Calendar Year - 1		0.00%	0.00%		0.00%			0.00%						0.00%			0.00%	0.00%		0.00%	0.00%		
Historical Rate Increase - Calendar Year 0		0.00%	14.70%		7.39%			14.75%						10.52%			16.82%	0.00%		0.00%	0.00%		
Effective Date of Proposed Rates		1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016		1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016
Rate Change % (over prior filing)		-999.00%	26.17%	-999.00%	26.30%	0.00%	0.00%	28.71%	0.00%	0.00%	0.00%	-999.00%		35.46%	0.00%	0.00%	26.69%	32.49%	32.79%	28.92%	31.46%	29.53%	30.62%
Cum'tive Rate Change % (over 12 mos prior)		-999.00%	26.17%	-999.00%	26.30%	-999.00%	-999.00%	28.71%	-999.00%	-999.00%	-999.00%	-999.00%		35.46%	-999.00%	-999.00%	26.69%	32.49%	32.79%	28.92%	31.46%	29.53%	30.62%
Proj'd Per Rate Change % (over Exper. Period)		#DIV/0!	32.15%	-100.00%	24.95%	#DIV/0!	#DIV/0!	35.95%	#DIV/0!	#DIV/0!	#DIV/0!	-100.00%		37.91%	#DIV/0!	#DIV/0!	36.33%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Product Threshold Rate Increase %		0.00%	26.16%		26.30%			28.70%						35.45%			26.68%	32.54%		28.91%	30.47%		

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)

Plan ID (Standard Component ID):	Total	25896IA0050001	25896IA0160002	25896IA0160001	25896IA0170001	25896IA0170002	25896IA0170003	25896IA0180001	25896IA0180003	25896IA0180004	25896IA0180005	25896IA0180002	25896IA0190001	25896IA0190002	25896IA0190003	25896IA0200001	25896IA0210001	25896IA0210002	25896IA0220001	25896IA0230001	25896IA0230002	25896IA0230003
Inpatient	$3.29	$0.00	$7.55	$0.00	$9.15	$0.00	$0.00	$10.21	$0.00	$0.00	$0.00	$0.00	$13.24	$0.00	$0.00	$7.53	$11.50	$13.56	$12.30	$9.84	$9.85	$9.86
Outpatient	$5.76	$0.00	$13.23	$0.00	$16.03	$0.00	$0.00	$17.90	$0.00	$0.00	$0.00	$0.00	$23.21	$0.00	$0.00	$13.20	$20.15	$23.76	$21.55	$17.25	$17.27	$17.28
Professional	$7.27	$0.00	$16.69	$0.00	$20.22	$0.00	$0.00	$22.58	$0.00	$0.00	$0.00	$0.00	$29.28	$0.00	$0.00	$16.65	$25.41	$29.98	$27.19	$21.76	$21.78	$21.80
Prescription Drug	$3.16	$0.00	$7.26	$0.00	$8.79	$0.00	$0.00	$9.82	$0.00	$0.00	$0.00	$0.00	$12.73	$0.00	$0.00	$7.24	$11.05	$13.03	$11.82	$9.46	$9.47	$9.48
Other	$0.73	$0.00	$1.67	$0.00	$2.02	$0.00	$0.00	$2.26	$0.00	$0.00	$0.00	$0.00	$2.93	$0.00	$0.00	$1.66	$2.54	$2.99	$2.72	$2.17	$2.18	$2.18
Capitation	$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
Administration	$0.23	$0.00	$0.53	$0.00	$0.64	$0.00	$0.00	$0.72	$0.00	$0.00	$0.00	$0.00	$0.93	$0.00	$0.00	$0.53	$0.81	$0.95	$0.86	$0.69	$0.69	$0.69
Taxes & Fees	$7.59	$0.00	$17.44	$0.00	$21.13	$0.00	$0.00	$23.60	$0.00	$0.00	$0.00	$0.00	$30.60	$0.00	$0.00	$17.41	$26.56	$31.33	$28.42	$22.75	$22.77	$22.78
Risk & Profit Charge	$0.87	$0.00	$1.99	$0.00	$2.41	$0.00	$0.00	$2.69	$0.00	$0.00	$0.00	$0.00	$3.49	$0.00	$0.00	$1.99	$3.03	$3.58	$3.24	$2.60	$2.60	$2.60
Total Rate Increase	$28.89	$0.00	$66.35	$0.00	$80.39	$0.00	$0.00	$89.79	$0.00	$0.00	$0.00	$0.00	$116.42	$0.00	$0.00	$66.21	$101.05	$119.19	$108.09	$86.52	$86.60	$86.66
Member Cost Share Increase	$2.28	$0.00	$11.44	$0.00	$8.58	$0.00	$0.00	$3.68	$0.00	$0.00	$0.00	$0.00	-$1.96	$0.00	$0.00	$13.27	$2.00	$2.73	$3.35	$1.79	$7.55	$9.39
Average Current Rate PMPM	$231.27		$253.56	$242.75	$305.62			$312.74				$293.25	$328.32			$248.10	$310.99	$363.52	$373.77	$275.04	$293.23	$283.05
Projected Member Months	153,515		48,551	0	10,199	4,605	1,535	38,461	1,535	13,816	4,887	0	3,545	1,535	1,535	768	2,934	564	1,599	681	948	1,896

:tion III: Experience Period Information

Plan ID (Standard Component ID):	Total	25896IA0050001	25896IA0160002	25896IA0160001	25896IA0170001	25896IA0170002	25896IA0170003	25896IA0180001	25896IA0180003	25896IA0180004	25896IA0180005	25896IA0180002	25896IA0190001	25896IA0190002	25896IA0190003	25896IA0200001	25896IA0210001	25896IA0210002	25896IA0220001	25896IA0230001	25896IA0230002	25896IA0230003
Plan Adjusted Index Rate	$118.21	$0.00	$221.91	$231.79	$292.95			$292.31				$297.03	$368.50			$214.62						
Member Months	80,783	45,165	6,585	5,877	2,803			13,152				1,656	2,457			3,088						
Total Premium (TP)	$9,549,123	$0	$1,461,305	$1,362,210	$821,146	$0	$0	$3,844,443	$0	$0	$0	$491,882	$905,399	$0	$0	$662,738	$0	$0	$0	$0	$0	$0
EHB Percent of TP, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%			100.00%				100.00%	100.00%			100.00%						
state mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%			0.00%				0.00%	0.00%			0.00%						
Other benefits portion of TP	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Allowed Claims (TAC)	$19,232,897	$8,090,480	$1,532,143.43	$1,340,451.72	$1,260,939.01			$4,746,303.73				$504,385.13	$1,117,320.18			$640,873.76						
EHB Percent of TAC, [see instructions]	100.00%	100.00%	100.00%	100.00%	100.00%			100.00%				100.00%	100.00%			100.00%						
state mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%			0.00%				0.00%	0.00%			0.00%						
Other benefits portion of TAC	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Allowed Claims which are not the issuer's obligation:	$4,765,258	$3,169,536	$363,843.19	$368,190.92	$161,071.80			$498,291.36				$81,085.88	$10,743.03			$112,496.10						
Portion of above payable by HHS's funds on behalf of insured person, in dollars	$0	$0	$0	$0	$0			$0				$0	$0			$0						
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!	#DIV/0!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	0.00%	0.00%	#DIV/0!	#DIV/0!	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total Incurred claims, payable with issuer funds	$14,467,639	$4,920,945	$1,168,300	$972,261	$1,099,867	$0	$0	$4,248,012	$0	$0	$0	$423,299	$1,106,577	$0	$0	$528,378	$0	$0	$0	$0	$0	$0
Net Amt of Rein	-$124,113.06	-$237,116.25	$13,829.04	$11,508.55	$13,019.01			$50,283.26				$5,010.55	$13,098.43			$6,254.35						
Net Amt of Risk Adj	-$2,102,849.48		-$257,341.38	-$214,159.79	-$242,267.64			-$935,709.25				-$93,240.08	-$243,745.64			-$116,385.69						
Incurred Claims PMPM	$179.09	$108.95	$177.42	$165.43	$392.39	#DIV/0!	#DIV/0!	$322.99	#DIV/0!	#DIV/0!	#DIV/0!	$255.62	$450.38	#DIV/0!	#DIV/0!	$171.11	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Allowed Claims PMPM	$238.08	$179.13	$232.67	$228.08	$449.85	#DIV/0!	#DIV/0!	$360.88	#DIV/0!	#DIV/0!	#DIV/0!	$304.58	$454.75	#DIV/0!	#DIV/0!	$207.54	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EHB portion of Allowed Claims, PMPM	$238.08	$179.13	$232.67	$228.08	$449.85	#DIV/0!	#DIV/0!	$360.88	#DIV/0!	#DIV/0!	#DIV/0!	$304.58	$454.75	#DIV/0!	#DIV/0!	$207.54	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

:tion IV: Projected (12 months following effective date)

Plan ID (Standard Component ID):	Total	25896IA0050001	25896IA0160002	25896IA0160001	25896IA0170001	25896IA0170002	25896IA0170003	25896IA0180001	25896IA0180003	25896IA0180004	25896IA0180005	25896IA0180002	25896IA0190001	25896IA0190002	25896IA0190003	25896IA0200001	25896IA0210001	25896IA0210002	25896IA0220001	25896IA0230001	25896IA0230002	25896IA0230003
Plan Adjusted Index Rate	$358.28		$293.27		$366.03	$288.19	$429.66	$397.38	$393.76	$378.79	$406.86		$508.19	$492.60	$483.10	$292.59	$394.28	$385.55	$484.16	$421.85	$358.76	$285.73
Member Months	153,515	-	48,551	-	10,199	4,605	1,535	38,461	1,535	13,816	4,887	-	3,545	1,535	1,535	768	2,934	564	1,599	681	948	1,896
Total Premium (TP)	$55,001,732	$0	$14,238,489	$0	$3,733,156	$1,327,126	$659,521	$15,283,754	$604,423	$5,233,337	$1,988,312	$0	$1,801,524	$756,137	$741,555	$224,706	$1,156,804	$217,449	$774,169	$287,278	$340,107	$541,737
EHB Percent of TP, [see instructions]	100.00%		100.00%		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TP that are other than EHB	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%
Other benefits portion of TP	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Allowed Claims (TAC)	$50,187,124		$14,977,351.00		$3,364,011.00	$1,413,516.00	$532,778.00	$13,017,926.00	$518,095.00	$4,606,193.00	$1,666,608.00		$1,300,326.00	$557,283.00	$553,677.00	$236,957.00	$991,934.00	$189,369.00	$578,192.00	$235,388.00	$311,139.00	$581,155.00
EHB Percent of TAC, [see instructions]	100.00%		100.00%		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
state mandated benefits portion of TAC that are other than EHB	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%
Other benefits portion of TAC	0.00%	100.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowed Claims which are not the issuer's obligation	$4,866,339		$3,227,669.56		$282,991.54	$318,257.11	-$11,625.69	$403,532.71	$19,191.12	$286,871.70	$25,506.38		-$186,611.23	-$66,905.41	-$58,469.11	$50,747.62	$32,786.34	$9,041.29	-$64,024.29	-$2,931.76	$29,169.91	$132,077.71
Portion of above payable by HHS's funds on behalf of insured person, in dollars	$0		$0		$0	$0	$0	$0	$0	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	#DIV/0!	0.00%	#DIV/0!	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Incurred claims, payable with issuer funds	$45,320,785	$0	$11,749,681	$0	$3,081,019	$1,095,259	$544,404	$12,614,393	$498,904	$4,319,321	$1,641,102	$0	$1,486,937	$624,188	$612,146	$186,209	$959,148	$180,328	$642,216	$238,320	$281,969	$449,077
Net Amt of Rein	-$231,808		-$60,104.03		-$15,758.68	-$5,602.72	-$2,784.30	-$64,517.17	-$2,551.69	-$22,091.94	-$8,393.44		-$7,604.30	-$3,192.18	-$3,130.62	-$952.53	-$4,905.63	-$922.31	-$3,284.39	-$1,218.87	-$1,442.22	-$2,297.23
Net Amt of Risk Adj	-$11,867,230		-$3,076,983.52		-$806,754.71	-$286,827.23	-$142,540.09	-$3,302,911.08	-$130,631.83	-$1,130,981.50	-$429,696.25		-$389,296.88	-$163,421.39	-$160,269.71	-$48,764.00	-$251,140.41	-$47,216.91	-$168,142.05	-$62,399.12	-$73,833.28	-$117,604.94

Wellmark Health Plan of Iowa, Inc.
Individual Major Medical Business
Rate Filing Justification For January 1, 2016
Part III - Actuarial Memorandum and Certification

I. General Information

Company Identifying Information

Company Legal Name:	Wellmark Health Plan of Iowa, Inc.
State:	Iowa
HIOS Issuer ID:	25896
Market:	Individual
Effective Date:	January 1, 2016

Company Contact Information

Primary Contact Name:	Justin Knight, FSA, MAAA
Primary Contact Telephone Number:	(515) 376-4464
Primary Contact Email-Address:	knightjd@wellmark.com

II. Proposed Rate Increase(s)

This submission applies only to single risk pool plans for new and renewing Individual business effective January 1, 2016. Plans in the experience period include single risk pool plans, as well as transitional plans that are closed for new sales. Some of these transitional members have moved into single risk pool plans included in this filing; but due to transition relief, many have remained on their existing plans. We expect a significant portion of them to continue to remain on those plans throughout this rating period.

Table 1 below indicates the rate increase request by plan, as well as the average overall rate increase:

Table 1
Summary of Proposed Rate Increases

Plan	Rate Increase Request
myBlue HSA 5950 HMO	n/a*
SimplyBlue 5000 HMO	26.2%
myBlue HSA 3350 HMO	26.3%
CompleteBlue 4000 HMO	n/a*
CompleteBlue Max 5000 HMO	n/a*
CompleteBlue 2500 HMO	n/a*

CompleteBlue 3000 HMO	28.7%
myBlue HSA 2000 HMO	n/a*
EnhancedBlue 1250 HMO	n/a*
EnhancedBlue Max 2750 HMO	35.5%
EnhancedBlue 500 HMO	n/a*
SimplyBlue Bronze 5000 HMO	26.7%
myBlue HSA Bronze 6000 HMO	30.6%
CompleteBlue Silver 2500 HMO	32.5%
CompleteBlue Silver 3500 HMO	32.8%
myBlue HSA Silver 3500 HMO	29.5%
myBlue HSA Gold 2100 HMO	31.5%
EnhancedBlue Gold 1000 HMO	28.9%
Blue Rewards 5500	26.2%
Blue Rewards 1500	27.0%
Blue Rewards 1000	28.6%
Overall Total Average	**28.7%**

*These are new plans effective 1/1/2016

Reason for Rate Increases

The effective average rate increase for these products is 28.7%, varying by plan as listed in the table above. The primary drivers of the proposed rate increases include, but are not limited to:

- Adverse Experience/Risk Adjustment Transfer: The risk of the market is more adverse than what we had assumed in the current rates; which leads to a significant projected risk adjustment transfer payment to other carriers.
- Medical and Drug Inflation: Both increased utilization and increased cost per service/script contribute to projected claims trend.
- Phase out of Federal Transitional Reinsurance Program: As this program phases out over three years, the expected receivables from this program are smaller for 2016 than they were for 2015.

Requested rate increases are not the same across all plans. There are unique changes in member cost share, utilization, and leveraged trends by plan.

III. Experience Period Premium and Claims

The experience period extends from January 1, 2014 through December 31, 2014 for single risk pool and transitional individual business.

Paid Through Date

Incurred medical claims illustrated in Worksheet 1, Section I of the Unified Rate Review Template (URRT) for the experience period of January 1, 2014 – December 31, 2014 are based on claims paid through December 31, 2014. However, these claims were completed using paid claims data through February 28, 2015. Incurred prescription drug claims in the URRT for the experience period of January 1, 2014 – December 31, 2014 are based on paid claims data through February 28, 2015 and completed using the same time period.

Premiums (net of MLR Rebate) in Experience Period

Premiums illustrated in Worksheet 1, Section I of the URRT are calculated by using the premiums earned during the experience period for both single risk pool and transitional individual business. Wellmark does not anticipate distributing any MLR rebates for the experience period, thus no adjustment to premium was made. We did not subtract amounts from the net earned premium that would be subtracted from earned premium in the denominator of the MLR calculation, such as taxes and fees.

Allowed and Incurred Claims Incurred During the Experience Period

Table 2 provides a breakdown of the allowed and incurred claims during the experience period, as illustrated in the Worksheet 1, Section I of the URRT.

Table 2
Summary of Allowed and Incurred Claims

Item	Processor	Allowed Claims	Incurred Claims
Processed Fee-for-Service (FFS) Claims	Issuer	$16,439,846	$10,637,151
	External	$0	$0
Incurred but Not Paid Claims (FFS)	n/a	$3,120,811	$1,981,697
Capitated Claims	n/a	$0	$0
Total		**$19,560,657**	**$12,618,848**

There were no capitated claims. Thus, the allowed charges shown above are summarized from our detailed claim-level historical data. Incurred But Not Paid (IBNP) adjustments were applied to develop a fully incurred allowed claim estimate.

Incurred claims were calculated as follows:

- Paid Claims (FFS) / Completion Factor

Allowed and paid claims reflect the applicable values from our claim payment system for claims received and paid for that are covered on a fee-for-service basis (i.e. not capitated) during the experience period.

The IBNP is calculated using a Development Method. This involves examining past claims payment patterns by incurred month to determine completion factors. Trend information is studied for consistency with other data. The number of working days in a month and seasonality patterns are considered in the calculations. Also examined are the incurred 12/paid 13 factors which provide a fairly consistent percentage of how complete the twelve months of incurred claims should be after thirteen months of payment. No explicit reserve margin was included in the IBNP.

The completion factors are calculated based on the claims experience of all market segments combined for all incurred months except for the most recent five. The completion factors for the most recent five incurred months are calculated separately for each market segment using the same methodology as described in the paragraph above.

The completion factors used to estimate incurred claims were increased by a factor developed from Wellmark's historical claims data to calculate completion factors on an allowed basis for each benefit category. This adjustment factor was developed by comparing historical incurred 12/paid 12 paid claims to historical incurred 12/paid 12 allowed claims.

IV. Benefit Categories

All claim expenses were allocated into the following benefit categories:

- Inpatient Hospital
- Outpatient Hospital
- Professional
- Other Medical
- Capitation
- Prescription Drug

Each claim processed on a fee-for-service basis is assigned to the applicable benefit category from Worksheet 1, Section II of the URRT based on the claim category and a mapping to the URRT benefit categories.

Utilization descriptions (i.e. admits, services, etc.) as input in Worksheet 1, Section II of the URRT are assigned based on what most closely matches unit types supplied in the historical data.

V. Projection Factors

Changes in the Morbidity of the Population Insured

To estimate changes to individual morbidity, Wellmark analyzed 2014 member movement to single risk pool plans to project potential membership enrollment and changes in morbidity from 2014 to 2016. Wellmark modeled the change in morbidity as the difference in the average morbidity of individuals on single risk pool plans between 2014 and 2016. Our 2014 experience period data reflects experience for both single risk pool policies and transitional policies. A separate adjustment was made within the "Other Adjustments" section to account for the difference in average allowed claims of all members in the 2014 experience period data and members on single risk pool plans in 2014.

Wellmark analyzed 2014 member movement to single risk pool plans during the Open Enrollment Period (OEP) and Special Enrollment Period (SEP) for members previously with Wellmark and members new to Wellmark. Members' demographics and 2014 allowed claims were used to analyze the relative morbidity of these sub-populations. Additional member movement as of January 2015 was also analyzed and enrollment as of January 2015 served as a starting point for 2015 member movement projections. The 2014 member movement analysis was used to estimate potential enrollment shifts in 2015 and 2016 and the subsequent changes in membership, demographics, and morbidity from 2014 to 2016.

The impact of morbidity reflects the estimated change in average allowed claims PMPM (on a 2014 claims basis) from 2014 to 2016 for Wellmark's individual single risk pool members. An adjustment is made for changes in demographics and considered separately within the "Other Adjustments" section. Wellmark projects an overall change in morbidity from 2014 to 2016 of about -3.6%.

Changes in Benefits

No adjustments were made to the base experience period for ACA benefits. Wellmark's single risk pool experience represents all of the Essential Health Benefits. The "Other Adjustments" section below describes how the experience period is adjusted to Wellmark's single risk pool experience.

Changes in Demographics

The adjustment for changes in individual morbidity, as described above, was normalized to assume that demographics were constant. Wellmark used age/gender factors developed for individual rating purposes prior to 2014 to calculate average demographic factors used to normalize allowed claims and estimate the average change in demographics from 2014 to 2016. The average demographic factor of the membership in the experience period is 0.6366. The average demographic factor of the projected membership is 0.6156. The difference of approximately -3.3% reflects the allowed change due to demographics.

Other Adjustments

The baseline claims in the experience period of Worksheet 1, Section 1 reflects experience of Wellmark's single risk pool and transitional business.

The adjustment for changes in morbidity reflects the estimated change in allowed claims for Wellmark's single risk pool individual market from the experience period (2014) to the projection period (2016).

To make the necessary adjustment for the inclusion of transitional members in the experience period, we compared the average allowed claims of Wellmark's single risk pool business to Wellmark's total single risk pool and transitional business. The single risk pool business during the experience period is 31.5% higher than the combined single risk pool and transitional business.

Annualized Trend Factors

The utilization and cost trend factors shown in Worksheet 1, Section II are reflective of an aggregate annual allowed charge trend of 5%.

Several factors were considered when developing a projected trend assumption for 2014 - 2016. First, Wellmark examined experience of its small group business to gain insight to historical patterns of a similar population subject to guarantee issue requirements. Six years of data was reviewed. The annual trend during this period ranged from -0.5% to 5.8%. We also considered Wellmark's corporate rating trend. The corporate rating trend combines past and projected medical and pharmacy trends and is used for rating Wellmark's fully insured large group business. Because of its size and stability, it has been used in the past for setting individual rating assumptions. This indicator would recommend a 7.2% rating trend. Finally, industry publications and articles were considered in order to gain insight into possible future medical and pharmacy trends. For instance, Milliman's 2015 *Health Cost Guildelines* indicate that projected secular trend may range from 4%-11%. The result of these considerations is that we are assuming a trend of 5% for this filing. This reflects our best estimate and is within a reasonable range of expectation.

The same allowed trend is assumed across each category of business with utilization changes assumed to represent 20% of the change in trend and changes in cost per service representing 80%.

VI. Credibility Manual Rate Development

Due to the volume of experience in the experience period, it was not necessary to develop credibility manual rates.

VII. Credibility of Experience

Due to the size of the block in the experience period, no credibility adjustments were used.

In assessing whether or not the single risk pool portion of the experience period for this filing was credible, we used Wellmark's Large Group Underwriting parameters for guidance. Within the Large Group market, Wellmark essentially considers groups larger than 2,000 members to be fully credible. The single risk pool experience for this filing represents around 4,000 members, which we would consider fully credible.

In addition, one can also refer to applications of credibility formulas, such as the following from the Mahler/Dean chapter on credibility in the textbook *"Foundations of Casualty Actuarial Science"*:

- credibility = Z + P x (1-Z)
  - where Z=min(square root(n/n(f)),1), and P is "other information"
    - In this case "n" is the observed number of member months, and n(f) is the Standard for Full Credibility
      - To establish a value for "n(f)", one could reference CMS credibility guidance for the Medicare Advantage program, which indicates that CMS considers full credibility to occur beyond 24,000 member months. Page 61 in the following link describes this level of Full Credibility. https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/downloads/Bidder_Training_Slides_Intro.pdf
    - Thus, when "n" is greater than 24,000 member months, credibility will become "1" since the square root of n/24,000 will be > 1. Thus, experience is considered 100% credible, while any "other information" (ie, "P") will not be assigned any weight.
  - Wellmark's single risk pool member exposure in the experience period for this Individual filing is 35,646 (represents single risk pool portion of the 80,811 member exposure shown on Worksheet 1 of the URRT) which is greater than 24,000 and thus indicates full credibility.

VIII. Paid to Allowed Ratio

The Paid to Allowed ratio shown in Worksheet 1, Section II of the URRT was developed as follows:

$$\frac{\textit{Weighted Average Paid Claim PMPM by Plan}}{\textit{Weighted Average Allowed Claim PMPM by Plan}}$$

The weighted average in both the numerator and denominator was developed using projected member months by plan, as illustrated in Worksheet 2, Section IV of the URRT.

IX. Risk Adjustment and Reinsurance

Projected Risk Adjustment PMPM

We recognize that, consistent with operating under a single risk pool, issuers are required to make a market-wide adjustment to the pooled market level index rate in order to account for federal risk adjustment and reinsurance recovery amounts. Therefore, Wellmark's anticipated risk adjustment and net reinsurance recovery amounts must be allocated proportionately based on plan premiums for all plans within the risk pool, by applying the risk adjustment transfer as a market level adjustment.

To develop our 2016 Risk Adjustment assumption for pricing, an assumption was created for calendar year 2014 and brought forward to the rating period. Following is an explanation of why this process was used and the details behind the assumption.

The 2014 calendar year will be the first measurement period for the risk adjustment transfer process. Results of this will be based on carrier submissions of data to the EDGE server and expected to be released by CMS in June 2015. In absence of this information, Wellmark relied on other information, including the Wakely National Risk Adjustment Reporting Project conducted by the Wakely Consulting Group. Carrier participation in this study is voluntary. Each participating carrier submits data to Wakely who calculates a risk adjustment transfer amount using the rules established by CMS for the national risk adjustment program. It is assumed that the participating carriers in the project for Iowa represent the vast majority of the market. At the time rates were calculated, the results of the project reflected Wellmark Health Plan of Iowa Inc. [redacted] approximately $[redacted] in risk adjustment [redacted] for the experience period of 1/1/2014 – 10/31/2014. Since then, Wakely updated the results with more recent data using experience of 1/1/2014 – 12/31/2014 but the change was minimal at $[redacted], resulting in a $[redacted] [redacted].

For the purposes of rating, a 2014 risk adjustment [redacted] of $[redacted] was assumed. This value was brought forward to the rating period by applying trend based on assumed statewide increases. After netting out the $1.75 risk adjustment fee per member per year and dividing by the 2014 member exposure, the risk adjustment amount used for 2016 rates is a $[redacted] PMPM net [redacted]. This amount is shown in Worksheet 1, Section III of the URRT.

The $[redacted] PMPM net [redacted] risk adjustment assumption was grossed up to an "allowed" amount by dividing by the projected paid/allowed ratio for the single risk pool. This results in a $[redacted] PMPM allowed risk adjustment assumption for all plans subtracted from the Index Rate in the development of the Market Adjusted Index Rate. This risk adjustment assumption [redacted] needed premiums by approximately [redacted].

Projected ACA Reinsurance Recoveries Net of Reinsurance Premium

Wellmark used their 2014 single risk pool experience to calculate a 2016 estimate for reinsurance recoveries. Members who had paid claims between $90,000 and $250,000 were summed for the experience period. Since the experience period claims used were incurred and paid in 2014, a completion factor was applied. The completion factor was calculated by using all Wellmark Individual paid claims the year prior. Members who had claims between the same thresholds were evaluated with 12/12 data for 2013 and compared to members who had claims between the same thresholds with run-out through March 2014 (12/15 data). Two years of trend was applied to bring the claims forward to the projection period as well as the change in morbidity projected from 2014 to 2016. Last of all a coinsurance amount of 50% was applied to arrive at the 2016 receivable estimate of $0.74 PMPM.

A trend analysis was performed using all Wellmark data back to January 2009 to analyze if leveraged trend would impact paid claims projections between the $90,000 and $250,000 thresholds. The impact of leveraged trend was insignificant, and therefore the trend used in the projection above is sufficient for the 2016 reinsurance estimate.

According to the 2016 Notice of Benefit and Payment Parameters reinsurance contributions are to be $2.25 PMPM in 2016. After adjusting for this contribution amount, Wellmark's reinsurance recoveries net of reinsurance contributions are -$1.51 for 2016. This amount is shown in Worksheet 1, Section III of the URRT.

The -$1.51 PMPM reinsurance recovery net of contribution assumption was grossed up to an "allowed" amount by dividing by the projected paid/allowed ratio for the single risk pool. This results in a -$2.26 PMPM allowed reinsurance assumption for all plans subtracted from the Index Rate in the development of the Market Adjusted Index Rate.

X. Non-Benefit Expenses and Profit & Risk

Administrative Expense Load

Administrative expenses were developed on a PMPM basis using our 2015 business plan, with adjustments for anticipated changes in 2016, including general expense inflation. The value entered in Worksheet 1, Section III of the URRT illustrates this value as a percent of the Single Risk Pool Gross Premium Average Rate.

An activity based cost accumulation system is utilized to allocate costs to each market segment. All expenses are assigned a specific activity code when incurred. Each activity is assigned to one or more market segments depending on the function being performed. Various statistics, including number of members/contracts, claim volumes and productive hours are utilized to assign costs to the specific market segment.

Profit & Risk Load

Profit and risk load target values were determined as an aggregate value for the single risk pool based on company targets and consideration for federal MLR requirements. For 2016, Wellmark is using a 3% profit/risk load amount, whereas in 2015 Wellmark had assumed a 0% profit/risk load amount. The value entered in Worksheet 1, Section III of the URRT illustrates this value as a percent of the Single Risk Pool Gross Premium Average Rate.

Taxes and Fees

Table 3 provides a breakdown of projected taxes and fees illustrated in Worksheet 1, Section III of the URRT.

Table 3
Projected Taxes and Fees

Item	% Premium	PMPM
Premium Tax	1.00%	$3.63
Health Insurer Fee	2.02%	$7.33
Comparative Effectiveness Research	0.05%	$0.19
Exchange User Fee	0.00%	$0.00
Total	**3.07%**	**$11.15**

XI. Projected Loss Ratio

The projected loss ratio based on the federally prescribed MLR methodology is 84.4%. The numerator of the projected MLR contains projected claim costs net of receipts from the risk adjuster and reinsurance recoveries. The denominator consists of total premiums, net of premium taxes and regulatory fees, including reinsurance contributions.

XII. Single Risk Pool

Support for the Single Risk Pool is demonstrated over Sections XIII – XVII as follows.

XIII. Index Rate

Experience Period Index Rate

The experience period index rate is the estimated total allowed claim experience PMPM of all single risk pool and transitional plans for EHBs which were covered during the experience period within our market and state, and is not adjusted for payments and charges under the risk adjustment and reinsurance program, or for exchange user fees. This amount represents the allowed claims PMPM for the EHBs. There are no benefits above EHB in the experience period and therefore no adjustments were made for removal of non-EHB claims. The experience period index rate shown in Worksheet 1, Section I of the URRT was developed as follows:

Experience Period Index Rate =
Experience Period Allowed Claims for all Single Risk Pool and Transitional Plans
- Pharmacy Rebates
/ Completion Factor
/ Experience Period Member Months

Projection Period Index Rate

The projection period index rate includes the projected total allowed claim level for the projection period, including all adjustments for morbidity, utilization, trend, benefit and demographic differences. It reflects the experience for all of the plans within the single risk pool. The projected index rate shown in Worksheet 1, Section II of the URRT was developed as follows:

Projection Period Index Rate =
Experience Period Index Rate
x Change in Population risk Morbidity
x Change in Demographics, Benefits (EHB), Other
x Trend

Since no single risk pool plans contain benefits above EHB, the projection period index rate equals the projected total allowed claims PMPM.

XIV. Market Adjusted Index Rate

The market adjusted index rate is the Index Rate adjusted for allowable market-wide modifiers. The market adjusted index rate was calculated from the index rate as follows:

Market Adjusted Index Rate =
Index Rate
+/- Federal reinsurance program adjustment net of contributions (Allowed Basis)
+/- Net risk adjustment program transfer payment (Allowed Basis)
+ Exchange User Fees (Allowed Basis)

Wellmark made the market level adjustments to the Index Rate on an allowed claims basis. The market adjusted index rate was developed as follows:

Projection Period Index Rate	$326.92
+/-Net Reinsurance Adjustment	+$2.26
+/-Net Risk Adjustment	[redacted]
Market Adjusted Index Rate	[redacted]

XV. Plan Adjusted Index Rates

The Plan Adjusted Index Rates are calculated from the Market Adjusted Index Rate above, and are presented in the URRT, Worksheet II, Section IV that accompany this filing.

These rates are calculated as follows:

Plan Adjusted Index Rate =
Market Adjusted Index Rate
x Plan actuarial value and cost sharing adjustment
x Plan network and management adjustment (none in this case)
x Adjustment for additional non-EHB benefits (none in this case)
x Catastrophic plan eligibility adjustment (none in this case)
x Administrative costs, excluding user exchange fees

Table 4 shows the development of Wellmark's 2016 plan adjusted index rates:

Table 4							
Plan	**Market Adjusted Index Rate**	**AV Cost Share**	**Network**	**Other Benefits**	**Admin**	**Cat**	**Plan Adjusted Index Rate**
myBlue HSA 5950 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$288.19
SimplyBlue 5000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$293.27
myBlue HSA 3350 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$366.03
CompleteBlue 4000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$378.79
CompleteBlue Max 5000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$406.86
CompleteBlue 2500 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$393.76
CompleteBlue 3000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$397.38
myBlue HSA 2000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$429.66
EnhancedBlue 1250 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$492.60
EnhancedBlue Max 2750 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$508.19
EnhancedBlue 500 HMO	[redacted]	[redacted]	[redacted]	1.000	1.222	1.000	$483.10
SimplyBlue Bronze 5000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$292.59
myBlue HSA Bronze 6000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$285.73
CompleteBlue Silver 2500 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$394.28
CompleteBlue Silver 3500 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$385.55
myBlue HSA Silver 3500 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$358.76
myBlue HSA Gold 2100 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$421.85
EnhancedBlue Gold 1000 HMO	[redacted]	[redacted]	[redacted]	1.000	1.216	1.000	$484.16
Blue Rewards 5500	[redacted]	[redacted]	[redacted]	1.000	1.215	1.000	$304.87
Blue Rewards 1500	[redacted]	[redacted]	[redacted]	1.000	1.215	1.000	$376.22
Blue Rewards 1000	[redacted]	[redacted]	[redacted]	1.000	1.215	1.000	$467.35
Weighted Average	[redacted]	[redacted]	[redacted]	**1.000**	**1.221**	**1.000**	**$358.28**

Since issuers were not required to file Plan Adjusted Index Rates in 2014, the experience period Plan Adjusted Index Rates shown in Worksheet 2, Section III of the URRT were derived from Wellmark's 2014 filed "base rate." For the 2014 filing, Wellmark adjusted the Index Rate to create a "base rate" or "Adjusted Index Rate for Pricing" as it was referred to in the filing. This derivation used Wellmark's 2014 base rate and adjusted for the average single risk pool demographic and area factors as well as all allowable plan level modifiers defined in the market rating rules.

AV Cost Share

The AV Cost Share amounts in Table 4 above were derived from a pricing model developed using Wellmark 2012 Individual and Small Group allowed claims data. Due to the volume of our existing blocks of business, this data provides a credible basis for determining the claim costs for our individual single risk pool. The model calculates paid to allowed claims ratios for each plan in the single risk pool. Since

these paid to allowed ratios were calculated using 2012 data, leveraged trend amounts were applied by plan to account for cost share impacts in 2016. These leveraged trends were calculated by comparing the previous year's AV calculator to the current year's AV calculator for each plan. An adjustment was also applied due to Wellmark's 2014 single risk pool business experiencing slightly lower paid to allowed ratios than what Wellmark's model calculated.

The slightly lower paid to allowed ratios experienced in Wellmark's 2014 single risk pool business is a result of morbidity being lower than the data used in the pricing model.

The amounts above also include an adjustment for the projected additional premium which will be collected since Wellmark is charging a tobacco surcharge for tobacco users (15%). This adjustment therefore lowers the index rates for the additional premiums collected from tobacco users (approximately 1.4%).

Table 5 below splits out the tobacco adjustment of the AV Cost Share value from Table 4, per state Division of Insurance guidance.

Table 5
Tobacco Adjustment

Plan	AV Cost Share w/o Tobacco	Tobacco Adjustment	AV Cost Share
myBlue HSA 5950 HMO	[redacted]	[redacted]	[redacted]
SimplyBlue 5000 HMO	[redacted]	[redacted]	[redacted]
myBlue HSA 3350 HMO	[redacted]	[redacted]	[redacted]
CompleteBlue 4000 HMO	[redacted]	[redacted]	[redacted]
CompleteBlue Max 5000 HMO	[redacted]	[redacted]	[redacted]
CompleteBlue 2500 HMO	[redacted]	[redacted]	[redacted]
CompleteBlue 3000 HMO	[redacted]	[redacted]	[redacted]
myBlue HSA 2000 HMO	[redacted]	[redacted]	[redacted]
EnhancedBlue 1250 HMO	[redacted]	[redacted]	[redacted]
EnhancedBlue Max 2750 HMO	[redacted]	[redacted]	[redacted]
EnhancedBlue 500 HMO	[redacted]	[redacted]	[redacted]
SimplyBlue Bronze 5000 HMO	[redacted]	[redacted]	[redacted]
myBlue HSA Bronze 6000 HMO	[redacted]	[redacted]	[redacted]
CompleteBlue Silver 2500 HMO	[redacted]	[redacted]	[redacted]
CompleteBlue Silver 3500 HMO	[redacted]	[redacted]	[redacted]
myBlue HSA Silver 3500 HMO	[redacted]	[redacted]	[redacted]
myBlue HSA Gold 2100 HMO	[redacted]	[redacted]	[redacted]
EnhancedBlue Gold 1000 HMO	[redacted]	[redacted]	[redacted]
Blue Rewards 5500	[redacted]	[redacted]	[redacted]
Blue Rewards 1500	[redacted]	[redacted]	[redacted]
Blue Rewards 1000	[redacted]	[redacted]	[redacted]

Admin

Administrative costs added to the market adjusted index rate are as follows:

Expense	Amount
Admin	12.00% of premium
Profit and Risk	+ 3.00% of premium
Taxes and Fees	+ 3.07% of premium
Total	**18.07% of premium Or 1 / (1-0.1807) = 1.221**

XVI. Calibration

Issuers are allowed to calibrate the plan adjusted index rates calculated above for geography and age. These adjustments were applied uniformly to all plans in the single risk pool.

Age Curve Calibration

The projected weighted average demographic factor for rated members is 1.3942, which represents a weighted average age of 44. These values were calculated using Wellmark's 2014 single risk pool member data along with term, open enrollment, and special enrollment projections through 2016.

Geographic Factor Calibration

Wellmark's 2016 region factors will remain the same as they were in 2015. The 2015 region factors were derived from Wellmark's individual and small group 2013 allowed claims data. The data was normalized for demographics and morbidity by using risk score factors provided by Truven. The 2016 projected weighted average region factor using projected membership is 0.9835.

Each plan adjusted index rate was calibrated by dividing by the weighted average region factor of 0.9835 and the weighted average demographic factor of 1.3942, which allows for the CMS prescribed age curve to be used in the development of the consumer adjusted premium rates. The aggregate impact of this adjustment (0.9835 x 1.3942 = 1.3712) is shown below in Section XVII.

XVII. Consumer Adjusted Premium Rate Development

The consumer adjusted premium rate is the final premium rate for a plan that is charged to each individual or family. Each calibrated plan adjusted index rate is multiplied by specific allowable rating factors (CMS 3:1 Age Factor, Geographic Factor, Tobacco Factor) for each consumer to develop the consumer adjusted premium rate. Family contract premiums are determined by summing the premiums for each individual family member, but only including the premiums for the oldest three dependents under age 21.

Consumer Adjusted Premium Rate =
Calibrated Plan Adjusted Index Rate
x CMS Age Factor
x Geographic Adjustment Factor
x Tobacco Status Factor

Below is the Consumer Adjusted Premium Rate Development for a 40 year old non-smoker on myBlue HSA 5950 HMO:

Plan Adjusted Index Rate	Calibration	Calibrated Plan Adjusted Index Rate	CMS Age Factor Age 40	Region 1 Factor	Tobacco Status	Consumer Adjusted Premium Rate
$288.19	1.371	$210.19	1.278	0.980	1.000	$263.25

XVIII. AV Metal Levels

The AV Metal Values included in Worksheet 2, Section I of the URRT were developed using the 2016 CMS Actuarial Value calculator.

XIX. AV Pricing Values

Table 6 is a summary of the AV pricing values by plan, as illustrated in Worksheet 2, Section I, and the portion of the value that is attributable to each of the allowable modifiers to the index rate, as described in 45 CFR Part 156, §156.80(d)(2).

Table 6
AV Pricing Values by Plan

Plan	Adjust 1 AV/Cost Share	Adjust 2 Network	Adjust 3 Other Benefits	Adjust 4 Admin Expense	Adjust 5 Catastrophic	AV Pricing Value
myBlue HSA 5950 HMO	[redacted]	[redacted]	1.000	1.222	1.000	**0.648**
SimplyBlue 5000 HMO	[redacted]	[redacted]	1.000	1.222	1.000	**0.660**
myBlue HSA 3350 HMO	[redacted]	[redacted]	1.000	1.222	1.000	**0.823**
CompleteBlue 4000 HMO	[redacted]	[redacted]	1.000	1.222	1.000	**0.852**

CompleteBlue Max 5000 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**0.915**
CompleteBlue 2500 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**0.885**
CompleteBlue 3000 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**0.894**
myBlue HSA 2000 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**0.966**
EnhancedBlue 1250 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**1.108**
EnhancedBlue Max 2750 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**1.143**
EnhancedBlue 500 HMO		[redacted]			[redacted]		1.000	1.222	1.000	**1.086**
SimplyBlue Bronze 5000 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**0.658**
myBlue HSA Bronze 6000 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**0.643**
CompleteBlue Silver 2500 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**0.887**
CompleteBlue Silver 3500 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**0.867**
myBlue HSA Silver 3500 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**0.807**
myBlue HSA Gold 2100 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**0.949**
EnhancedBlue Gold 1000 HMO		[redacted]			[redacted]		1.000	1.216	1.000	**1.089**
Blue Rewards 5500		[redacted]			[redacted]		1.000	1.215	1.000	**0.686**
Blue Rewards 1500		[redacted]			[redacted]		1.000	1.215	1.000	**0.846**
Blue Rewards 1000		[redacted]			[redacted]		1.000	1.215	1.000	**1.051**

An explanation of the development of each adjustment above is already included in Section XV (Plan Adjusted Index Rates) of this memorandum.

XX. Membership Projections

Wellmark anticipates continued market disruption in the individual market with many contributing factors. These factors include the existence of subsidies/exchanges, transition relief, the liquidation of another carrier, and increasing tax penalties for the uninsured. All of these factors, plus others, will contribute to people continuing to move between markets, as well as between carriers.

Wellmark analyzed 2014 member movement to help estimate potential enrollment shifts in 2015 and 2016, as described earlier in the “Changes in the Morbidity of the Population Insured” section. Estimated 2016 membership exposure was calculated based on when projected members enrolled and terminated with Wellmark.

The projected member distribution amongst the plans, as illustrated in Worksheet 2, Section IV of the URRT, was developed based on January 2015 individual member distribution by plan with some movement assumptions for terminated and new plans.

XXI. Terminated Products

Below is a list of all existing single risk pool individual plans which will be closed for new sales effective January 1, 2016.

Plan Name	Product ID	HIOS Identifier
SimplyBlue 4750	25896IA016	25896IA0160001
CompleteBlue Max 4500	25896IA018	25896IA0180002

XXII. Plan Type

The applicable plan type for each plan has been noted in Worksheet 2, Section I of the URRT.

XXIII. Warning Alerts

Warning alerts in cells A54 and A56 indicate that the weighted average Plan Adjusted Index Rate in the experience period does not match the premium PMPM in the experience period. As noted in the 2016 URRT instructions, this is due to differences in the distribution of ages, geography and benefits that were projected versus what actually emerged. Furthermore, the experience period data includes premiums and exposure for members on transitional policies, while the Plan Adjusted Index Rate for the transitional policies is zero. This significantly reduces the weighted average Plan Adjusted Index Rate relative to the actual premium PMPM in the experience period.

Warning alerts in cells A67 and A72 indicate that the experience period total incurred claims, payable with issuer funds in Worksheet 2 does not match the total incurred claims in the experience period in Worksheet 1. The total incurred claims, payable with issuer funds in Worksheet 2 includes estimated risk adjustment transfers and Federal reinsurance recoveries, while the total incurred claims in the experience period in Worksheet 1 does not account for the impacts of either program. This disparity causes the variance in these totals to trigger the warning alert.

XXIV. Reliance

In preparing the Part I Unified Rate Review Template (URRT) and Part III Actuarial Memorandum, I have relied on:

- Data provided by Wellmark's Data Analytics department
- Expenses provided by Wellmark's Cost Accounting department

- Necessary tasks such as data validation, calculating actuarial plan values, forecasting member movement and developing expense assumptions provided by Wellmark staff actuaries
- Review of key assumptions and calculations by Wellmark management and Milliman consultants

To the extent that any information relied upon is incomplete or inaccurate; the contents of the URRT and Actuarial Memorandum may be materially affected.

XXV. Actuarial Certification

I, Justin Knight, am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I hereby certify that the projected index rate is, to the best of my knowledge and understanding:

- In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)),
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient

I certify that 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 specific premium rates. The allowable modifiers used to generate plan specific premium rates were based on the following:

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- Administrative costs, excluding Exchange user fees.

I certify that the percent of total premium that represents Essential Health Benefits included in Worksheet 2, Sections III and IV were calculated in accordance with Actuarial Standards of Practice.

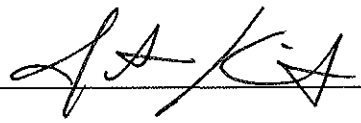
I certify that the benefits included in our plans are substantially equivalent to the Essential Health Benefits (EHBs) in the State of Iowa benchmark plans.

I certify that the 2016 AV Calculator was used to determine all of the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template.

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

The Part I Unified Rate Review Template (URRT) does not demonstrate the process used to develop proposed premium rates. It is representative of 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.

I hereby certify to the best of my knowledge and belief that this submission conforms to generally accepted actuarial principles, standards and guidelines and is in compliance with all applicable laws and regulations in the state of Iowa. I further certify that the rates are not inadequate, excessive, unfairly discriminatory or unreasonable in relation to the benefits provided.

Signed: 

Justin Knight, FSA, MAAA
Member, American Academy of Actuaries
Team Leader Actuarial, Wellmark Blue Cross and Blue Shield

Dated: May 6, 2015