# URRT Part II
# Description of Requested Rate Increase
# Wellmark Health Plan of Iowa, Inc. (WHPI)
# Individual Health
# Effective January 1, 2017

The requested average rate increase for all products for 2017 is 37.8%, and will be effective starting with new and renewing individuals January 1, 2017. As of April 2016, this rate increase will impact 5,232 policyholders representing 7,798 members. The rate increase varies by plan, with a low of 29.8% and a high of 3.4%. These differences are due to member cost share changes by plan, projected utilization changes by plan, and differences in costs by region.

Benefit coverage for all products in this filing remained stable from the prior rating period.

The ACA requires plans to meet certain ranges of Actuarial Value. When a plan's benefits fall outside those ranges, the cost share must be changed so the actuarial values of each plan fall within the defined ranges. The actuarial values of plans are calculated using a calculator provided by the Centers for Medicare and Medicaid Services (CMS). Most changes were increases in member cost share which then actually decreased needed rate increases by plan.

There were changes in how Wellmark calculates projected utilization due strictly to plan design features. These changes vary by plan, with overall utilization due to these changes, remaining constant.

There are 7 regions in Iowa, all determined by the state insurance division. The ACA requires any differences in costs among regions to not include differences for health status. Differences in costs other than health status are taken into account using region factors. Wellmark experience shows a need for the region factors to be adjusted for 2017 and the resulting impact is different rate increases for plans by region.

Actual claims experience for 2015 in the Individual ACA market is significantly higher than projected. Two full years of experience (2014 and 2015) are known in the ACA market with both years experiencing higher claim costs than anticipated. One significant factor is more large claimants (members with claims >$100,000) in 2015 than in 2014. Secondly, Wellmark 2015 data shows special enrollee members, which are members who come into the market throughout the year outside of the open-enrollment period, have significantly higher claims in 2015 than members who entered the market during the open-enrollment period. Also, another driver of the increasing costs stem

from specialty drugs which cover conditions such as hemophilia, multiple sclerosis, and hepatitis. Costs for these drugs are higher than expected, in addition to the higher than anticipated use of such drugs.

As noted earlier, premiums for 2017 are being set having two full years (2014 and 2015) of claims experience under ACA rules. This experience is leading to a higher projected annual claims trend than was assumed in the previous ACA filings. An annual claims trend of 9% is used in the calculation of the 2017 rates in this filing.

Federal risk mitigation programs have an impact on these filed rates as well. Federal reinsurance was a temporary program designed to ease in the cost of the ACA individual market. This was created as a three year program with decreasing amounts reimbursed to insurers as the program phases out. Therefore, the increased costs of the removal of this program must also be included in rate increases as the program phases out. 2016 is the last year of the program, therefore an additional 2.7% is needed in 2017 rates to cover the removal of this program.

Risk adjustment is another one of the federal risk mitigation programs which impacts these 2017 rates. This program was designed to force all insurers in a market to rate to the average health risk of the market. Insurers either pay or receive money due to how their health risk compares to the statewide average. Similar to 2014, WHPI Individual ACA members are projected to have a lower health risk than the state wide average for 2015 and beyond. This assumption is based on an independent analysis, which Wellmark and most other issuers in Iowa participated. This leads to 2017 rates being 16.3% higher than otherwise needed.

For calendar year 2017 the health insurer tax (HIT) fee is being waived by HHS. Thus, needed premiums are lower for 2017 while Wellmark is not building this fee into the 2017 rates.

Administrative costs also have an impact on rates. In aggregate, Wellmark's administrative costs have decreased as a percent of premium from the prior rating period.

The experience for this market for WHPI is projected to be worse than expected for 2015 and 2016 after taking into account money transferred for risk mitigation programs (approximately 33% and 19% respectively). The margin included in these requested rates, as a percentage of premium (3%) remains the same as the prior rating period. The target loss ratio (Wellmark paid claims divided by income) for this rating period is 86.8%.

# Wellmark Health Plan of Iowa, Inc.
# Individual Major Medical Business
# Rate Filing Justification For January 1, 2017
# 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, 2017 |

### *Company Contact Information*

| | |
|---|---|
| Primary Contact Name: | [redacted] |
| Primary Contact Telephone Number: | |
| Primary Contact Email-Address: | |

## II. Proposed Rate Increase(s)

This submission applies only to single risk pool plans for new and renewing Individual business effective January 1, 2017. 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. Due to the transition relief extension through December 31, 2017, 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 |
|---|---|
| BlueSimplicity Bronze HSA HMO | 35.2% |
| SimplyBlue 5500 HMO | 37.4% |
| BlueSimplicity Bronze HMO | N/A* |
| BlueSimplicity Silver HSA HMO | 36.3% |
| CompleteBlue 3000 HMO | 38.6% |
| BlueSimplicity Silver HMO | N/A* |

| | |
|---|---|
| EnhancedBlue 1250 HMO | 36.8% |
| BlueSimplicity Gold HMO | N/A* |
| SimplyBlue Bronze 5600 HMO | 37.0% |
| myBlue HSA Bronze 6500 HMO | 35.5% |
| CompleteBlue Silver 3100 HMO | 39.1% |
| CompleteBlue Silver 4200 HMO | 38.4% |
| myBlue HSA Silver 4000 HMO | 34.4% |
| EnhancedBlue Gold 1500 HMO | 35.8% |
| Blue Rewards 5500 | 32.8% |
| Blue Rewards 2000 | 40.0% |
| Blue Rewards 1000 | 35.3% |
| **Overall Total Average** | **37.8%** |

*These are new plans effective 1/1/2017

***Reason for Rate Increases***

The effective average rate increase for these products is 37.8%, 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: The morbidity of this market is more adverse than what was assumed in the current rates. This is partially attributed to higher costs of special enrollees. This 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.
- Elimination of Federal Transitional Reinsurance Program: 2016 is the last year for this program and no reinsurance is projected to roll over into 2017.
- Removal of Health Insurer Tax (HIT) Fee: This actually reduced the needed increase, as the HIT fee for calendar year 2017 is being waived by HHS. Thus we are not building this fee into the 2017 rates.

Requested rate increases are not the same across all plans. There are unique changes in member cost share, utilization, and leveraged trends by plan. Rate increases by plan, shown in Table 1 above, also differ by region due to changes in costs by region.

## III. Experience Period Premium and Claims

The experience period extends from January 1, 2015 through December 31, 2015 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, 2015 – December 31, 2015 are based on claims paid through January 31, 2016. However, these claims were completed using paid claims data through February 29, 2016.

***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 | $39,951,601 | $30,242,349 |
| | External | $0 | $0 |
| Incurred but Not Paid Claims (FFS) | n/a | $1,299,019 | $1,050,039 |
| Capitated Claims | n/a | $0 | $0 |
| **Total** | | **$41,250,620** | **$31,292,388** |

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 13 paid claims to historical incurred 12/paid 13 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 2015 member movement to single risk pool plans to project potential membership enrollment and changes in morbidity from 2015 to 2017. Wellmark modeled the change in morbidity as the difference in the average morbidity of individuals on single risk pool plans

between 2015 and 2017. Our 2015 experience period data reflects experience for both single risk pool policies and transitional policies. For this data to reflect single risk pool members, a separate adjustment was made within the "Other Adjustments" section to account for the difference in average allowed claims of all members in the 2015 experience period data and members on single risk pool plans in 2015.

Wellmark analyzed 2015 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 2015 allowed claims were used to analyze the relative morbidity of these sub-populations. Additional member movement as of January 2016 was also analyzed and enrollment as of January 2016 served as a starting point for 2016 member movement projections. The 2015 member movement analysis was used to estimate potential enrollment shifts in 2016 and 2017 and the resulting changes in membership, demographics, morbidity and risk scores from 2015 to 2017.

The impact of morbidity reflects the estimated change in demographic adjusted average allowed claims PMPM (on a 2015 claims basis) from 2015 to 2017 for Wellmark's individual single risk pool members. Wellmark projects an overall change in morbidity from 2015 to 2017 of [redacted]%.

Morbidity changes were done in conjunction with risk adjustment changes. Changes in claims due to morbidity alone are represented in this section; while changes in risk scores, which are explained in detail in *Section IX, Risk Adjustment*, represent our assumed changes for risk adjustment. In general, increased morbidity should result in increased relative risk scores (lower risk adjustment payable), which is the case in this filing.

***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 2015 to calculate average demographic factors used to normalize allowed claims and estimate the average change in demographics from 2015 to 2017. The average demographic factor of the membership in the experience period is 0.6154. The average demographic factor of the projected membership is 0.6266. The difference of approximately +1.8% 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 (2015) to the projection period (2017).

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 11.7% higher than the combined single risk pool and transitional business. The adjustment of 1.137 shown in Worksheet 1, Section II of the URRT (13.7%) reflects the combination of this transition experience adjustment along with the demographic adjustment described above.

### *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 9%. Due to this block of business only having two years of experience with varying membership from year to year, it is difficult to isolate the secular trend related solely to changing unit cost levels or utilization in a stable population from changes in claim levels due to demographics, morbidity, and random variance. The 2015 single risk pool experience period allowed claim pmpm's for this filing are 18.4% higher than they were in 2014. Wellmark's other company with two years of ACA experience in this market, Wellmark Inc. (WI), also experienced an increase of 14.8% in their single risk pool allowed claim pmpm's from 2014 to 2015. Therefore, several factors were considered when developing a projected trend assumption for 2015 - 2017.

Wellmark examined continuous membership experience to remove any differences in claims costs due to new or terminated members. Two data sets of members were analyzed to calculate trend. The first set included all members who had individual coverage with Wellmark (Non-ACA and ACA for both WI and WHPI) from January 1, 2013 through December 31, 2015. The second set was a subset of the first, but only included those members who ended 2015 with individual ACA coverage. The first set represented 86,809 members and experienced a two year annualized allowed claims trend of 12.6%. The second set represented 4,207 members and experienced a two year annualized allowed claims trend of 10.8%. Since these data sets are calculating trend for continuous membership, the impact of aging was then removed. A year difference in CMS age factors for Wellmark's single risk pool on average is 2.8%. This leaves 9.5% and 7.7% for annual trend calculations for the first and second data sets respectively.

Also considered was 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 as a consideration for setting individual rating assumptions. This indicator would recommend an 8.5% rating trend.

We also considered trend assumptions included in Milliman's 2016 Health Cost Guidelines (HCGs). The HCGs contain a possible range of secular trend of 4% - 12%, which is intended to serve as a guideline. These trends represent a reasonable range for a plan with moderate levels of medical management and some limits on provider reimbursements (i.e. combination of discounts and fee schedules). Trend factors incorporate only secular trend rates for changes in utilization and unit cost for a static population and do not increase costs for changes in morbidity, demographics, or other assumptions addressed in the remainder of this memorandum.

The result of these considerations is that we are projecting an annual trend of 9% for the individual ACA market in 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 approximately 7,500 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. Within the "related links" section of the following link, link #5 contains slide 13 describing full claims credibility at 24,000 member months. https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/BidTraining2017.html
        - 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 86,309 (represents single risk pool portion of the 120,934 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

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 transfer amounts. Therefore, Wellmark's anticipated risk adjustment transfer amounts must be allocated proportionately based on plan premiums for all plans within the risk pool, by applying the transfer amounts as a market level adjustment.

***Projected Risk Adjustment PMPM***

To develop our 2017 Risk Adjustment transfer assumption for pricing, assumptions were created for WI, WHPI, and all other carriers in Iowa for calendar year 2015. Projections of member movement amongst carriers were then made with knowledge of their risk scores in conjunction of their morbidity. An explanation of this process and assumptions follows.

CMS doesn't release 2015 risk adjustment transfer results until June 30th, however in March, they released an interim summary report on risk adjustment. This interim report included state average monthly premiums, plan liability risk scores (PLRS), allowable rating factors, and actuarial value as well as state billable member months. With this information, along with a carriers own specific data, a carrier could generate assumptions for their 2015 risk adjustment transfer amounts. However, this report is based on data submitted to EDGE servers as of February 1, 2016. A requirement for a carrier's data to be included in this summary was to have at least 90% of expected enrollment and claims data for the first three quarters of 2015 submitted to the EDGE server. Therefore, it's unknown how many months of incurred claims are included for each carrier or how much runout was provided for the data that was submitted.

Since the interim report was unreliable for projecting 2015 risk adjustment transfer amounts in Iowa, Wellmark relied on other information. Similar to last year, Wellmark participated in the Wakely National Risk Adjustment Reporting Project conducted by the Wakely Consulting Group. These results are the most reliable for setting risk adjustment transfer assumptions for 2015, as the data provided by each carrier represents the same incurred and paid periods.

Wakely's 2015 risk adjustment transfer estimate for WHPI, using incurred 12/paid 12 data for each carrier participating in the study, is a [redacted] of [redacted] PMPM. This transfer amount results from a projected relative risk score of [redacted] compared to the statewide relative risk score of 1.0000. Wakely's risk adjustment transfer estimate for WHPI for the 2014 experience period, which used carriers' incurred 12/paid 12 data was understated by approximately 10%. It is assumed that this was caused by other carriers not submitting Medicaid Expansion data to Wakely; as well as other carriers submitting supplemental files to their EDGE servers which also don't get taken into account in Wakely's results.

To account for assumed absent Medicaid Expansion and supplemental data, we made an adjustment to Wakely's statewide average risk score (+1.5%) while holding WI's and WHPI's risk scores steady. This brought us to our estimated 2015 risk scores for WI, WHPI, and all other carriers which were used in the projection of the 2017 risk adjustment transfer amounts used in this filing.

For the baseline period, Wellmark 2015 calendar year members (WI and WHPI) were run through the DIY Tool provided to carriers from HHS. With this data and the WI and WHPI relative risk scores, we were able to calculate relative risk scores by member. These member-level risk scores were very beneficial when calculating the impact of projected member movement. The average projected relative risk score for the members projected to be in the single risk pool of this filing in 2017 is [redacted] compared to an assumed statewide average of 0.985 for 2017 (down almost 3% from the 1.015 statewide assumed risk score from 2015).

The relative risk score explained above in combination with assumed statewide average premium changes result in an assumed risk adjustment transfer [redacted] of $[redacted] PMPM for calendar year 2017.

While writing this memorandum it was discovered that the $1.80 risk adjustment fee per member per year was not taken into account in rating. This oversight was discovered near the filing deadline, and we were therefore unable to make the rate change and still meet the deadline. This is seen as immaterial and would only increase the rate increase needed. Therefore, the $[redacted] PMPM from above is the amount shown in Worksheet 1, Section III of the URRT.

The $[redacted] PMPM net payable 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 [redacted] the Index Rate in the development of the Market Adjusted Index Rate. This risk adjustment assumption increases needed premiums by [redacted]%.

## X. Non-Benefit Expenses and Profit & Risk

### *Administrative Expense Load*

Administrative expenses were developed on a PMPM basis using our 2016 business plan, with adjustments for anticipated changes in 2017, 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 2017, Wellmark is using a 3% profit/risk load amount. This value is consistent with the margin included in Wellmark's other companies participating in this market. 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% | $5.19 |
| Comparative Effectiveness Research | 0.04% | $0.20 |
| Exchange User Fee | 0.00% | $0.00 |
| **Total** | **1.04%** | **$5.39** |

## XI. Projected Loss Ratio

The projected loss ratio based on the federally prescribed MLR methodology is 87.7%. 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.

## 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

+/- 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 | $489.03 |
| +/-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
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 2017 plan adjusted index rates:

**Table 4**
**Development of Plan Adjusted Index Rates**

| Plan | Market Adjusted Index Rate | AV Cost Share | Network | Other Benefits | Admin | Cat | Plan Adjusted Index Rate |
|---|---|---|---|---|---|---|---|
| BlueSimplicity Bronze HSA HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $398.81 |
| SimplyBlue 5500 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $412.49 |
| BlueSimplicity Bronze HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $479.70 |
| BlueSimplicity Silver HSA HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $510.94 |
| CompleteBlue 3000 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $564.12 |
| BlueSimplicity Silver HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $581.76 |
| EnhancedBlue 1250 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $690.11 |
| BlueSimplicity Gold HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | $699.09 |
| SimplyBlue Bronze 5600 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | $410.32 |
| myBlue HSA Bronze 6500 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | $396.43 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| CompleteBlue Silver 3100 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | $561.41 |
| CompleteBlue Silver 4200 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | $546.48 |
| myBlue HSA Silver 4000 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | $493.66 |
| EnhancedBlue Gold 1500 HMO | [redacted] | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | $673.10 |
| Blue Rewards 5500 | [redacted] | [redacted] | [redacted] | 1.000 | 1.146 | 1.000 | $414.46 |
| Blue Rewards 2000 | [redacted] | [redacted] | [redacted] | 1.000 | 1.146 | 1.000 | $539.18 |
| Blue Rewards 1000 | [redacted] | [redacted] | [redacted] | 1.000 | 1.146 | 1.000 | $647.33 |
| **Weighted Average** | [redacted] | [redacted] | [redacted] | **1.000** | **1.153** | **1.000** | **$511.73** |

***AV Cost Share***

The AV Cost Share amounts in Table 4 above were derived from a pricing model developed using Wellmark 2014 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 2014 data, leveraged trend amounts were applied by plan to account for cost share impacts in 2017. Annual leveraged trends were calculated by comparing paid to allowed ratios for each plan using the 2014 data explained above, to paid to allowed ratios for the same blocks of business using calendar year 2013 data. An adjustment was also applied due to Wellmark's 2015 single risk pool business experiencing higher paid to allowed ratios than what Wellmark's model calculated.

The higher paid to allowed ratios experienced in Wellmark's 2015 single risk pool business is a result of morbidity being higher 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 1.3%).

Utilization differences due to cost-sharing by benefit design were also taken into account. Using historical Grandfathered/Transitional data, we created a linear regression model to determine the impact of utilization due to cost-sharing. The data used to create this linear regression model was normalized for demographics, region, and morbidity. Risk score factors created by an outside vendor were used for normalizing the morbidity. Adjusting each member's claims by their risk score factor ensured that calculated utilization is dependent on plan design only, and not morbidity. The utilization factors created by this linear regression model were adjusted by the same factor to ensure the average utilization for the projected population is 1.0.

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

| Table 5<br>Tobacco Adjustment | | | |
|---|---|---|---|
| **Plan** | **AV Cost Share w/o Tobacco** | **Tobacco Adjustment** | **AV Cost Share** |
| BlueSimplicity Bronze HSA HMO | [redacted] | 0.987 | [redacted] |
| SimplyBlue 5500 HMO | [redacted] | 0.987 | [redacted] |
| BlueSimplicity Bronze HMO | [redacted] | 0.987 | [redacted] |
| BlueSimplicity Silver HSA HMO | [redacted] | 0.987 | [redacted] |
| CompleteBlue 3000 HMO | [redacted] | 0.987 | [redacted] |
| BlueSimplicity Silver HMO | [redacted] | 0.987 | [redacted] |
| EnhancedBlue 1250 HMO | [redacted] | 0.987 | [redacted] |
| BlueSimplicity Gold HMO | [redacted] | 0.987 | [redacted] |
| SimplyBlue Bronze 5600 HMO | [redacted] | 0.987 | [redacted] |
| myBlue HSA Bronze 6500 HMO | [redacted] | 0.987 | [redacted] |
| CompleteBlue Silver 3100 HMO | [redacted] | 0.987 | [redacted] |
| CompleteBlue Silver 4200 HMO | [redacted] | 0.987 | [redacted] |
| myBlue HSA Silver 4000 HMO | [redacted] | 0.987 | [redacted] |
| EnhancedBlue Gold 1500 HMO | [redacted] | 0.987 | [redacted] |
| Blue Rewards 5500 | [redacted] | 0.987 | [redacted] |
| Blue Rewards 2000 | [redacted] | 0.987 | [redacted] |
| Blue Rewards 1000 | [redacted] | 0.987 | [redacted] |

***Admin***

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

| Expense | Amount |
|---|---|
| Admin | 9.19% of premium |
| Profit and Risk | + 3.00% of premium |
| Taxes and Fees | + 1.04% of premium |
| **Total** | **13.23% of premium<br>Or<br>1 / (1-0.1323) = 1.153** |

## 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 1.4206, which represents a weighted average age of 45. Each plan adjusted index rate was calibrated by dividing by the weighted average demographic factor of 1.4206, which allows for the CMS prescribed age curve to be used in the development of the consumer adjusted premium rates.

January 2016 single risk pool member data was the starting point for membership projections. Membership movement assumptions were made for 2016 and 2017. Projected member exposures were used along with CMS demographic factors to calculate the weighted average CMS demographic factor for the projected single risk pool.

### *Geographic Factor Calibration*

Wellmark's 2017 region factors are changing from what they were in 2016. The 2017 region factors were derived from Wellmark's individual and small group 2015 allowed claims data. The data was normalized for demographics and morbidity by using risk score factors provided by an outside vendor. To minimize significant changes in region factors for any one region, a capped amount of +2.0% was applied by region for the 2017 changes. The 2017 projected weighted average region factor using projected membership is 0.9882.

Each plan adjusted index rate was calibrated by dividing by the weighted average region factor of 0.9882. The aggregate impact of this adjustment along with the demographic adjustment (0.9882 x 1.4206 = 1.4039) 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, region 1 on BlueSimplicity Bronze HSA 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 |
|---|---|---|---|---|---|---|
| $398.81 | 1.4039 | $284.08 | 1.278 | 1.0002 | 1.0000 | $363.13 |

## XVIII. AV Metal Levels

The AV Metal Values included in Worksheet 2, Section I of the URRT were developed using the 2017 CMS Actuarial Value calculator, however three plans were calculated using an acceptable alternative method, and a certification for those plans is included in this filing.

## 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 |
|---|---|---|---|---|---|---|
| BlueSimplicity Bronze HSA HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| SimplyBlue 5500 HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| BlueSimplicity Bronze HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| BlueSimplicity Silver HSA HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| CompleteBlue 3000 HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| BlueSimplicity Silver HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| EnhancedBlue 1250 HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| BlueSimplicity Gold HMO | [redacted] | [redacted] | 1.000 | 1.152 | 1.000 | [redacted] |
| SimplyBlue Bronze 5600 HMO | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | [redacted] |
| myBlue HSA Bronze 6500 HMO | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | [redacted] |
| CompleteBlue Silver 3100 HMO | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | [redacted] |
| CompleteBlue Silver 4200 HMO | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | [redacted] |
| myBlue HSA Silver 4000 HMO | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | [redacted] |
| EnhancedBlue Gold 1500 HMO | [redacted] | [redacted] | 1.000 | 1.159 | 1.000 | [redacted] |
| Blue Rewards 5500 | [redacted] | [redacted] | 1.000 | 1.146 | 1.000 | [redacted] |
| Blue Rewards 2000 | [redacted] | [redacted] | 1.000 | 1.146 | 1.000 | [redacted] |
| Blue Rewards 1000 | [redacted] | [redacted] | 1.000 | 1.146 | 1.000 | [redacted] |

An explanation of the development of each adjustment in the prior table 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 addition of two new Wellmark carriers on the marketplace, and the possibility of a major carrier in Iowa dropping out of the marketplace. All of these factors, plus others, will contribute to people continuing to move between markets, as well as between carriers.

Wellmark analyzed 2015 member movement to help estimate potential enrollment shifts in 2016 and 2017, as described earlier in the "Changes in the Morbidity of the Population Insured" section. Estimated 2017 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 using January 2016 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, 2017.

| Plan Name | Product ID | HIOS Identifier | "Mapped to" Plan Name |
|---|---|---|---|
| CompleteBlue 4000 HMO[1] | 25896IA018 | 25896IA0180004 | CompleteBlue 3000 HMO |
| CompleteBlue 2500 HMO[1] | 25896IA018 | 25896IA0180003 | CompleteBlue 3000 HMO |
| SimplyBlue 4750[2] | 25896IA016 | 25896IA0160001 | N/A |
| CompleteBlue Max 4500[2] | 25896IA018 | 25896IA0180002 | N/A |
| myBlue HSA 2000 HMO[1] | 25896IA017 | 25896IA0170003 | BlueSimplicity Silver HSA HMO |
| EnhancedBlue 500 HMO[1] | 25896IA019 | 25896IA0190003 | EnhancedBlue 1250 HMO |
| myBlue HSA Gold 2100 HMO | 25896IA023 | 25896IA0230001 | myBlue HSA Silver 4000 HMO |
| CompleteBlue Max 5000 HMO[1] | 25896IA018 | 25896IA0180005 | CompleteBlue 3000 HMO |
| EnhancedBlue Max 2750 HMO | 25896IA019 | 25896IA0190001 | EnhancedBlue 1250 HMO |

[1]These plans were not in the experience period as they were not made available until 1/1/2016.

[2]These plans were terminated 12/31/2015 and were listed as terminated plans in our 2016 Actuarial Memorandum. Therefore there is no "Mapped to" plan for them.

## XXII. Plan Type

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

## XXIII. Warning Alerts

There is a warning in cell A57. Weighted average Plan Adjusted Index Rate in the experience period does not match the premium PMPM in the experience period. 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. This creates the warning in cell A57, because the difference is greater than the allowed 5%, however does not create a warning in cell A55 due to the allowed margin of error being 50% for that cell.

Worksheet 1 cells G16 and H30 are off by a penny due to rounding within the calculations of utilization and cost by service categories.

## 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 and management
- 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, [redacted], 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 and 147.102)
- 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 2017 AV Calculator was used to determine most of the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template. Three plans were calculated using an acceptable alternative method, and a certification for those plans is included in this filing.

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: _____

[redacted]
Member, American Academy of Actuaries
[redacted]

Dated: _____

**Unified Rate Review v3.3**

Company Legal Name: **Wellmark Health Plan of Iowa** State: **IA**
HIOS Issuer ID: **25896** Market: **Individual**
Effective Date of Rate Change(s): **1/1/2017**

**Market Level Calculations (Same for all Plans)**

**Section I: Experience period data**

**Experience Period:** 1/1/2015 to 12/31/2015

| | Experience Period Aggregate Amount | PMPM | % of Prem |
|---|---|---|---|
| **Premiums (net of MLR Rebate) in Experience Period:** | $28,999,378 | $239.80 | 100.00% |
| **Incurred Claims in Experience Period** | $31,292,388 | 258.76 | 107.91% |
| **Allowed Claims:** | $41,250,620 | 341.10 | 142.25% |
| **Index Rate of Experience Period** | | $341.00 | |
| **Experience Period Member Months** | 120,934 | | |

**Section II: Allowed Claims, PMPM basis**

**Projection Period:** 1/1/2017 to 12/31/2017 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 | 64.50 | $11,827.94 | $63.58 | 1.061 | 1.137 | 1.072 | 1.017 | | 70.78 | $15,453.29 | $91.15 | 0.00 | $0.00 | $0.00 |
| Outpatient Hospital | Services | 12,628.76 | 92.93 | 97.80 | 1.061 | 1.137 | 1.072 | 1.017 | | 13,858.33 | 121.41 | 140.22 | 0.00 | 0.00 | 0.00 |
| Professional | Services | 29,539.47 | 42.22 | 103.93 | 1.061 | 1.137 | 1.072 | 1.017 | | 32,415.51 | 55.16 | 149.01 | 0.00 | 0.00 | 0.00 |
| Other Medical | Services | 6,005.63 | 31.39 | 15.71 | 1.061 | 1.137 | 1.072 | 1.017 | | 6,590.35 | 41.01 | 22.52 | 0.00 | 0.00 | 0.00 |
| Capitation | Other | 0.01 | 0.01 | 0.00 | 1.061 | 1.137 | 1.072 | 1.017 | | 0.01 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| Prescription Drug | Prescriptions | 9,121.57 | 79.04 | 60.08 | 1.061 | 1.137 | 1.072 | 1.017 | | 10,009.67 | 103.27 | 86.14 | 0.00 | 0.00 | 0.00 |
| Total | | | | $341.09 | | | | | | | | $489.03 | | | $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% | $489.03 | $52,616,362 |
| Paid to Allowed Average Factor in Projection Period | | | 0.791 | |
| Projected Incurred Claims, before ACA rein & Risk Adj't, PMPM | | | $386.77 | $41,614,281 |
| Projected Risk Adjustments PMPM | | | -62.88 | (6,765,340) |
| Projected Incurred Claims, before reinsurance recoveries, net of rein prem, PMPM | | | $449.65 | $48,379,621 |
| Projected ACA reinsurance recoveries, net of rein prem, PMPM | | | 0.00 | 0 |
| Projected Incurred Claims | | | $449.65 | $48,379,621 |
| Administrative Expense Load | | 9.19% | 47.62 | 5,123,991 |
| Profit & Risk Load | | 3.00% | 15.55 | 1,672,685 |
| Taxes & Fees | | 1.04% | 5.39 | 579,864 |
| Single Risk Pool Gross Premium Avg. Rate, PMPM | | | $518.21 | $55,756,161 |
| Index Rate for Projection Period | | | $489.03 | |
| % increase over Experience Period | | | 116.11% | |
| % Increase, annualized: | | | 47.01% | |
| **Projected Member Months** | | | | 107,593 |

**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.

**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): | **1/1/2017** | | |

**Product/Plan Level Calculations**

**Section I: General Product and Plan Information**

| Product | | Terminated Product | BlueSimplicity HSA | | SimplyBlue | | CompleteBlue | | EnhancedBlue | | CompleteBlue | | myBlue HSA | | | EnhancedBlue | SimplyBlue | Blue Rewards | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Product ID: | | 25896IA005 | 25896IA017 | | 25896IA016 | | 25896IA018 | | 25896IA019 | | 25896IA021 | | 25896IA023 | | | 25896IA022 | 25896IA020 | 25896IA024 | | | |
| Metal: | | Not Applicable | Bronze | Silver | Bronze | Bronze | Silver | Silver | Gold | Gold | Silver | Silver | Bronze | Silver | Gold | Gold | Bronze | Bronze | Silver | Gold | Bronze |
| AV Metal Value | | 0.000 | 0.619 | 0.718 | 0.620 | 0.619 | 0.715 | 0.706 | 0.810 | 0.820 | 0.701 | 0.711 | 0.614 | 0.699 | 0.799 | 0.797 | 0.618 | 0.619 | 0.716 | 0.811 | 0.615 |
| AV Pricing Value | | 0.000 | 0.701 | 0.899 | 0.726 | 0.010 | 0.992 | 0.010 | 1.214 | 0.010 | 0.961 | 0.987 | 0.697 | 0.868 | 0.010 | 1.184 | 0.722 | 0.729 | 0.948 | 1.139 | 0.844 |
| Plan Category | | Terminated | Renewing | Renewing | Renewing | Terminated | Renewing | Terminated | Renewing | Terminated | Renewing | Renewing | Renewing | Renewing | Terminated | Renewing | Renewing | Renewing | Renewing | Renewing | New |
| Plan Type: | | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | HMO | POS | POS | POS | HMO |
| Plan Name | | 2015 Experience | BlueSimplicity Bronze HSA HMO | BlueSimplicity Silver HSA HMO | SimplyBlue 5500 HMO | SimplyBlue 4750 | CompleteBlue 3000 HMO | CompleteBlue Max 4500 | EnhancedBlue 1250 HMO | EnhancedBlue Max 2750 HMO | CompleteBlue Silver 4200 HMO | CompleteBlue Silver 3100 HMO | myBlue HSA Bronze 6500 HMO | myBlue HSA Silver 4000 HMO | myBlue HSA Gold 2100 HMO | EnhancedBlue Gold 1500 HMO | SimplyBlue Bronze 5600 HMO | Blue Rewards 5500 | Blue Rewards 2000 | Blue Rewards 1000 | BlueSimplicity Bronze HMO |
| Plan ID (Standard Component ID): | | 25896IA0050001 | 25896IA0170002 | 25896IA0170001 | 25896IA0160002 | 25896IA0160001 | 25896IA0180001 | 25896IA0180002 | 25896IA0190002 | 25896IA0190001 | 25896IA0210002 | 25896IA0210001 | 25896IA0230003 | 25896IA0230002 | 25896IA0230001 | 25896IA0220001 | 25896IA0200001 | 25896IA0240001 | 25896IA0240002 | 25896IA0240003 | 25896IA0280001 |
| Exchange Plan? | | 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% | 0.00% | | | |
| Historical Rate Increase - Calendar Year - 1 | | 0.00% | 7.39% | | 14.70% | | 14.75% | | 10.52% | | 0.00% | | 0.00% | | | 0.00% | 16.82% | 0.00% | | | |
| Historical Rate Increase - Calendar Year 0 | | 0.00% | 26.30% | | 26.17% | | 28.71% | | 35.46% | | 32.57% | | 30.56% | | | 28.92% | 26.69% | 26.93% | | | |
| Effective Date of Proposed Rates | | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 | 1/1/2017 |
| Rate Change % (over prior filing) | | 0.00% | 35.15% | 36.33% | 37.37% | 0.00% | 38.65% | 0.00% | 36.83% | 0.00% | 38.43% | 39.07% | 35.51% | 34.39% | 0.00% | 35.78% | 36.96% | 32.78% | 39.97% | 35.28% | 0.00% |
| Cum'tive Rate Change % (over 12 mos prior) | | 0.00% | 35.15% | 36.33% | 37.37% | 0.00% | 38.65% | 0.00% | 36.83% | 0.00% | 38.43% | 39.07% | 35.51% | 34.39% | 0.00% | 35.78% | 36.96% | 32.78% | 39.97% | 35.28% | 0.00% |
| Proj'd Per Rate Change % (over Exper. Period) | | #DIV/0! | #DIV/0! | 69.61% | 70.72% | -100.00% | 75.77% | -100.00% | #DIV/0! | -100.00% | 81.06% | 81.49% | 74.34% | 71.46% | -100.00% | 72.42% | 70.91% | 65.08% | 75.03% | 71.37% | #DIV/0! |
| Product Rate Increase % | | 0.00% | 35.96% | | 37.37% | | 38.64% | | 36.82% | | 38.84% | | | 35.12% | | 35.77% | 36.96% | | 39.14% | | |

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

| Plan ID (Standard Component ID): | Total | 25896IA0050001 | 25896IA0170002 | 25896IA0170001 | 25896IA0160002 | 25896IA0160001 | 25896IA0180001 | 25896IA0180002 | 25896IA0190002 | 25896IA0190001 | 25896IA0210002 | 25896IA0210001 | 25896IA0230003 | 25896IA0230002 | 25896IA0230001 | 25896IA0220001 | 25896IA0200001 | 25896IA0240001 | 25896IA0240002 | 25896IA0240003 | 25896IA0280001 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Inpatient | $15.10 | $0.00 | $22.79 | $27.41 | $22.82 | $0.00 | $29.55 | $0.00 | $29.43 | $0.00 | $34.59 | $29.87 | $25.68 | $27.25 | $0.00 | $29.79 | $23.06 | $20.20 | $28.04 | $30.69 | $0.00 |
| Outpatient | $23.23 | $0.00 | $35.06 | $42.16 | $35.11 | $0.00 | $45.45 | $0.00 | $45.27 | $0.00 | $53.21 | $45.96 | $39.50 | $41.92 | $0.00 | $45.83 | $35.47 | $31.08 | $43.13 | $47.21 | $0.00 |
| Professional | $24.68 | $0.00 | $37.26 | $44.80 | $37.31 | $0.00 | $48.30 | $0.00 | $48.11 | $0.00 | $56.55 | $48.84 | $41.98 | $44.55 | $0.00 | $48.70 | $37.69 | $33.02 | $45.83 | $50.17 | $0.00 |
| Prescription Drug | $14.27 | $0.00 | $21.54 | $25.90 | $21.57 | $0.00 | $27.92 | $0.00 | $27.81 | $0.00 | $32.69 | $28.23 | $24.27 | $25.75 | $0.00 | $28.15 | $21.79 | $19.09 | $26.50 | $29.00 | $0.00 |
| Other | $3.73 | $0.00 | $5.63 | $6.77 | $5.64 | $0.00 | $7.30 | $0.00 | $7.27 | $0.00 | $8.55 | $7.38 | $6.35 | $6.73 | $0.00 | $7.36 | $5.70 | $4.99 | $6.93 | $7.58 | $0.00 |
| 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 |
| Administration | $1.52 | $0.00 | $2.45 | $2.86 | $2.32 | $0.00 | $2.91 | $0.00 | $3.03 | $0.00 | $3.42 | $2.91 | $2.74 | $2.99 | $0.00 | $3.15 | $2.37 | $2.32 | $2.67 | $3.29 | $0.00 |
| Taxes & Fees | -$8.43 | $0.00 | -$13.59 | -$15.85 | -$12.86 | $0.00 | -$16.13 | $0.00 | -$16.81 | $0.00 | -$18.98 | -$16.14 | -$15.17 | -$16.59 | $0.00 | -$17.48 | -$13.12 | -$12.86 | -$14.83 | -$18.25 | $0.00 |
| Risk & Profit Charge | $1.80 | $0.00 | $2.91 | $3.39 | $2.75 | $0.00 | $3.45 | $0.00 | $3.59 | $0.00 | $4.06 | $3.45 | $3.25 | $3.55 | $0.00 | $3.74 | $2.81 | $2.75 | $3.17 | $3.90 | $0.00 |
| Total Rate Increase | $75.90 | $0.00 | $114.05 | $137.44 | $114.65 | $0.00 | $148.76 | $0.00 | $147.71 | $0.00 | $174.08 | $150.51 | $128.58 | $136.15 | $0.00 | $149.24 | $115.75 | $100.59 | $141.44 | $153.60 | $0.00 |
| Member Cost Share Increase | -$1.22 | $0.00 | $15.40 | -$2.48 | $11.03 | $0.00 | -$12.33 | $0.00 | -$25.69 | $0.00 | -$7.53 | -$10.24 | $17.28 | $4.18 | $0.00 | -$19.88 | $13.66 | $16.69 | -$8.87 | -$17.02 | $0.00 |
| | | | | | | | | | | | | | | | | | | | | | |
| Average Current Rate PMPM | $287.47 | $0.00 | $324.43 | $378.31 | $306.78 | $0.00 | $384.93 | $0.00 | $401.10 | $479.26 | $452.95 | $385.24 | $362.11 | $395.92 | $382.21 | $417.12 | $313.13 | $306.92 | $353.87 | $435.41 | $0.00 |
| Projected Member Months | 107,591 | 0 | 5,041 | 9,555 | 19,461 | 0 | 22,651 | 0 | 4,152 | 0 | 1,826 | 4,003 | 3,024 | 1,446 | 0 | 1,227 | 7,203 | 10 | 5,877 | 1,004 | 7,733 |

**:tion III: Experience Period Information**

| Plan ID (Standard Component ID): | Total | 25896IA0050001 | 25896IA0170002 | 25896IA0170001 | 25896IA0160002 | 25896IA0160001 | 25896IA0180001 | 25896IA0180002 | 25896IA0190002 | 25896IA0190001 | 25896IA0210002 | 25896IA0210001 | 25896IA0230003 | 25896IA0230002 | 25896IA0230001 | 25896IA0220001 | 25896IA0200001 | 25896IA0240001 | 25896IA0240002 | 25896IA0240003 | 25896IA0280001 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Plan Adjusted Index Rate | $209.53 | $0.00 | $0.00 | $301.25 | $241.62 | $257.03 | $320.94 | $328.41 | $0.00 | $389.98 | $301.82 | $309.34 | $227.39 | $287.91 | $333.58 | $390.39 | $240.07 | $251.07 | $308.05 | $377.74 | $0.00 |
| Member Months | 120,934 | 34,693 | 0 | 6,677 | 13,294 | 10,900 | 24,944 | 1,963 | 0 | 5,059 | 982 | 2,828 | 1,596 | 505 | 468 | 1,105 | 5,695 | 3,182 | 5,774 | 1,269 | 0 |
| Total Premium (TP) | $25,339,398 | $0 | $0 | $2,011,425 | $3,212,124 | $2,801,646 | $8,005,503 | $644,670 | $0 | $1,972,902 | $296,387 | $874,806 | $362,918 | $145,393 | $156,113 | $431,376 | $1,367,208 | $798,908 | $1,778,673 | $479,346 | $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% | 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% | 0.00% | 0.00% |
| Other benefits portion of TP | 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% |
| Total Allowed Claims (TAC) | $40,852,972 | $8,403,538 | $0 | $2,957,541 | $2,793,188 | $2,200,827 | $10,143,152 | $926,310 | $0 | $3,206,621 | $257,346 | $825,845 | $231,237 | $282,555 | $320,725 | $711,947 | $3,983,530 | $574,127 | $1,699,241 | $1,335,243 | $0 |
| 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% | 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% | 0.00% | 0.00% |
| Other benefits portion of TAC | 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% |
| Allowed Claims which are not the issuer's obligation: | $6,823,415 | $2,538,491 | $0 | $438,584 | $777,065 | $650,435 | $1,362,867 | $76,424 | $0 | $138,542 | $72,997 | $156,724 | $82,040 | $28,594 | $28,983 | $42,598 | -$92,169 | $173,665 | $366,971 | -$19,395 | $0 |
| Portion of above payable by HHS's funds on behalf of insured person, in dollars | $0 | | | | | | | | | | | | | | | | | | | | |
| Portion of above payable by HHS on behalf of insured person, as % | 0.00% | | | | | | | | | | | | | | | | | | | | |
| Total Incurred claims, payable with issuer funds | $34,029,557 | $5,865,047 | $0 | $2,518,956 | $2,016,122 | $1,550,392 | $8,780,286 | $849,886 | $0 | $3,068,079 | $184,349 | $669,121 | $149,198 | $253,961 | $291,742 | $669,349 | $4,075,698 | $400,462 | $1,332,270 | $1,354,638 | $0 |
| Net Amt of Rein | $1,436,172.37 | -$127,323.31 | $0.00 | $139,834.76 | $111,920.94 | $86,066.84 | $487,419.76 | $47,179.71 | $0.00 | $170,318.19 | $10,233.74 | $37,144.91 | $8,282.42 | $14,098.13 | $16,195.49 | $37,157.57 | $226,254.12 | $22,230.83 | $73,958.27 | $75,200.01 | $0.00 |
| Net Amt of Risk Adj | $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 |
| Incurred Claims PMPM | $281.39 | $169.06 | #DIV/0! | $377.26 | $151.66 | $142.24 | $352.00 | $432.95 | #DIV/0! | $606.46 | $187.73 | $236.61 | $93.48 | $502.89 | $623.38 | $605.75 | $715.66 | $125.85 | $230.74 | $1,067.49 | #DIV/0! |
| Allowed Claims PMPM | $337.81 | $242.23 | #DIV/0! | $442.94 | $210.11 | $201.91 | $406.64 | $471.88 | #DIV/0! | $633.84 | $262.06 | $292.02 | $144.89 | $559.51 | $685.31 | $644.30 | $699.48 | $180.43 | $294.29 | $1,052.20 | #DIV/0! |
| EHB portion of Allowed Claims, PMPM | $337.81 | $242.23 | #DIV/0! | $442.94 | $210.11 | $201.91 | $406.64 | $471.88 | #DIV/0! | $633.84 | $262.06 | $292.02 | $144.89 | $559.51 | $685.31 | $644.30 | $699.48 | $180.43 | $294.29 | $1,052.20 | #DIV/0! |

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

| Plan ID (Standard Component ID): | Total | 25896IA0050001 | 25896IA0170002 | 25896IA0170001 | 25896IA0160002 | 25896IA0160001 | 25896IA0180001 | 25896IA0180002 | 25896IA0190002 | 25896IA0190001 | 25896IA0210002 | 25896IA0210001 | 25896IA0230003 | 25896IA0230002 | 25896IA0230001 | 25896IA0220001 | 25896IA0200001 | 25896IA0240001 | 25896IA0240002 | 25896IA0240003 | 25896IA0280001 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Plan Adjusted Index Rate | $511.73 | $0.00 | $398.81 | $510.94 | $412.49 | $0.00 | $564.12 | $0.00 | $690.11 | $0.00 | $546.48 | $561.41 | $396.43 | $493.66 | $0.00 | $673.10 | $410.32 | $414.46 | $539.18 | $647.33 | $479.70 |
| Member Months | 107,591 | - | 5,041 | 9,555 | 19,461 | - | 22,651 | - | 4,152 | - | 1,826 | 4,003 | 3,024 | 1,446 | - | 1,227 | 7,203 | 10 | 5,877 | 1,004 | 7,733 |
| Total Premium (TP) | $55,057,842 | $0 | $2,010,393 | $4,881,997 | $8,027,541 | $0 | $12,777,941 | $0 | $2,865,343 | $0 | $997,871 | $2,247,335 | $1,198,816 | $713,831 | $0 | $825,888 | $2,955,499 | $4,145 | $3,168,737 | $649,923 | $3,709,490 |
| 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% | 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% | 0.00% | 0.00% |
| Other benefits portion of TP | 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% |
| Total Allowed Claims (TAC) | $52,616,406 | $0 | $2,227,026 | $4,680,672 | $8,718,677 | $0 | $11,570,575 | $0 | $2,312,196 | $0 | $918,002 | $2,035,411 | $1,329,535 | $696,537 | $0 | $674,386 | $3,211,659 | $4,654 | $2,919,137 | $539,040 | $3,672,438 |
| 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% | 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% | 0.00% | 0.00% |
| Other benefits portion of TAC | 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% |
| Allowed Claims which are not the issuer's obligation | $4,248,189 | $0 | $456,854 | $381,232 | $1,649,653 | $0 | $317,546 | $0 | -$211,099 | $0 | $44,512 | $68,385 | $280,305 | $71,617 | $0 | -$48,638 | $625,236 | $916 | $186,285 | -$21,452 | $405,710 |
| Portion of above payable by HHS's funds on behalf of insured person, in dollars | $0 | | | | | | | | | | | | | | | | | | | | |
| Portion of above payable by HHS on behalf of insured person, as % | 0.00% | | | | | | | | | | | | | | | | | | | | |
| Total Incurred claims, payable with issuer funds | $48,368,217 | $0 | $1,770,172 | $4,299,440 | $7,069,024 | $0 | $11,253,029 | $0 | $2,523,295 | $0 | $873,490 | $1,967,026 | $1,049,230 | $624,920 | $0 | $723,024 | $2,586,423 | $3,738 | $2,732,852 | $560,492 | $3,266,728 |
| Net Amt of Rein | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Net Amt of Risk Adj | -$6,765,340 | $0 | -$247,617 | -$601,369 | -$988,824 | $0 | -$1,573,936 | $0 | -$352,911 | $0 | -$122,174 | -$275,124 | -$146,770 | -$87,410 | $0 | -$101,124 | -$361,793 | -$523 | -$382,245 | -$78,392 | -$456,931 |