

Addendum to Actuarial Memorandum

Defunding of the Federal CSR Payment Program

Introduction

The purpose of this addendum is to document the rate revision submitted on August 4th, 2017 impacting the premium rates developed for Medica Insurance Company's (Medica's) individual Affordable Care Act (ACA) products, with an effective date of January 1, 2018. [REDACTED]

This addendum reflects Medica's current assumptions and working knowledge of the ACA's regulatory framework as of August 4th, 2017 which includes assumed defunding of the cost sharing reduction (CSR) program. If further information is shared that puts this assumption at risk, Medica reserves the right to modify components of the rate filing submission.

Rate Filing Modifications

If Congress does not appropriate funding for the CSR program by August 14th, 2017, Medica will incorporate elements described below into our 2018 individual market rates on August 15th, 2017.

Medica increased the silver metal level premium rates by 12.1%. The increase was determined by empirical data, including monthly premiums and CSR advanced payments, from Medica's 2017 experience for both Iowa and nationwide products. The rate revision was isolated to the silver metal level, as opposed to all metal levels, to appropriately align needed revenue with CSR-eligible exposure, as CSR enrollment is primarily limited to the silver metal level.

In addition to this addendum, MIC submitted a revised Rates Template in Excel format.

Rates Template: "RateTables93078IAIFB08042017"

Proposed Rate Increase

The proposed rate increase for Medica's individual business rates effective January 1, 2018 is 56.7% (previously filed at 43.4%) over rates effective January 1, 2017. This rate increase reflects an estimate of the average increase that will be offered to current members based on April 2017 in-force business absent of rate changes due to attained age.

[REDACTED]

[REDACTED]

Medica
401 Carlson Parkway
Minnetonka, MN 55305-5387
August 4th, 2017

[REDACTED]