



Actuarial Memorandum

1. General Information

a. Company information:

- Company Legal Name: Medical Health Insuring Corp. of Ohio
- HIOS issuer ID: 99969
- State: Ohio
- Market: Individual market
- Effective date: 1/1/2018

b. Company Contact Information:

- Primary Contact Name: Stephen Spears
- Primary Contact Telephone Number: (216) 687-6849
- Primary Contact Email Address: Stephen.Spears@medmutual.com

2. Scope and Purpose

The purpose of this filing is to provide the rates and description of rate development for the HMO products that MHICO is planning to offer on and off the public exchange in selected counties of Ohio effective January 1, 2018. The products associated with these rates were already filed in SERFF with tracking numbers MEDM-130980662 (on-exchange) and MEDM-130980197 (off-exchange). The form numbers for these products are:

- STHMG-IPNGMHE6000 R3/17 (on-exchange)
- STHMG-IPNGNAMHE6000 R3/17 (on-exchange)
- STHMG-IPNGMH6000 R3/17 (off-exchange)

This rate filing complies with the following parts of the Code of Federal Regulations (CFR) and Ohio Revised Codes:

- 45 CFR Part 147, Section 102 – Fair Health Insurance Premiums
- 45 CFR Part 148 – Requirements for the Individual Health Insurance Market
- 45 CFR Part 153 – Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment Under the Affordable Care Act
- 45 CFR Part 154 – Health Insurance Issuer Rate Increases: Disclosure and Review Requirements

- 45 CFR Part 156 – Health Insurance Issuer Standards Under the Affordable Care Act, Including Standards Related to Exchanges
- 45 CFR Part 158 – Issuer Use of Premium Revenue: Reporting and Rebates Requirements
- Related sections under ORC 3923

3. Description of Benefits

In January of 2018, MHICO will offer HMO plans in the Mercy, Ohio Health, Promedica, UH/Summa (NE Ohio), and Metro Health (CLE-Care) hospital networks.

The plans for each network will be available in the following areas:

Network	County	Region
Mercy	Defiance	1
	Fulton	1
	Henry	1
	Lucas	1
	Wood	1
	Allen	2
	Auglaize	2
	Hancock	2
	Mercer	2
	Putnam	2
	Clark	3
	Champaign	3
	Butler	4
	Hamilton	4
	Brown	5
	Clermont	5
	Huron	6
	Seneca	6
	Lorain	11
	Mahoning	13
Columbiana	13	
Trumbull	13	
Ohio Health	Hardin	2
	Crawford	7
	Richland	7
	Marion	8
	Morrow	8
	Pickaway	9
	Licking	9
	Franklin	9
	Knox	9
	Delaware	9
Union	9	

	Fairfield	9
	Athens	17
	Hocking	17
Promedica	Lucas	1
	Wood	1
NE Ohio	Ashtabula	11
	Cuyahoga	11
	Geauga	11
	Lake	11
	Ashland	12
	Medina	12
	Portage	12
	Summit	12
CLE-Care	Cuyahoga	11

MHICO is going to offer one gold level HMO plan, four silver level HMO plans, three bronze level HMO plans, and one catastrophic HMO plan. Each plan covers all required essential health benefits (EHB) except for pediatric dental benefits. Each plan covers required preventive services without cost sharing. For all networks other than Ohio Health, the gold plan and catastrophic plan will be actively marketed on exchange only, while the silver and bronze plans will be actively marketed both on and off exchange. For the Ohio Health network, all plans will be actively marketed on exchange only. No gold plans will be offered in the following counties where MHICO is the only insurer: Auglaize, Crawford, Hancock, Hardin, Hocking, Knox, Marion, Mercer, Putnam, and Richland. On exchange plans use a naming convention that starts with “Market”, while off exchange plan names begin with “MedMutual”. Except for the catastrophic plan, each on exchange metal plan has a zero cost sharing version and limited cost sharing version. On exchange silver plans each also have three variations for different federal poverty levels as required in 45 CFR 156.420.

According to 45 CFR 155.1065 (d), health plans without pediatric dental benefits can be certified as QHPs as long as a stand-alone dental plan is offered in the exchange. Since there are stand-alone dental plans offered on the exchange by other carriers, individual medical products under MHICO will not offer pediatric dental benefits. MHICO will offer a few stand-alone dental plans which will be exchange certified and cover required pediatric dental benefits to ensure the full EHB coverage for plans sold off exchange only.

The following changes were made to the existing product portfolio:

- New maximum annual limitation on cost sharing on some plans in order to meet AV requirements.
- 2018 AV calculator was used to calculate the AV.
- The Market 1200 gold plan became the Market 2000 gold plan with an increase in deductible and a change to the ER, specialist, and drug benefits.
- The Market 1750 silver plan became the Market 2000 silver plan with an increase in deductible, decrease in member coinsurance, and a change to the ER, OV, and specialist benefits.

- The Market 7150 bronze plan became the Market 7350 bronze plan with an increase in deductible.
- Introduction of the Market 2400 silver, Market 3500 silver, Market 5250 HSA bronze, and catastrophic plans.
- Plans from another Medical Mutual of Ohio subsidiary, Consumers Life Insurance Company (CLIC), are being moved into the MHICO portfolio under the corresponding networks (Mercy or Promedica) that were available in CLIC in 2017.
- Introduction of a Northeast Ohio HMO network.
- Introduction of a CLE-Care HMO network featuring plans with a two tier drug benefit.

Please see Exhibit I for the benefit summary of all HMO plans.

4. General Marketing Method

MHICO plans to inform consumers of the availability and features of the products through general agents, brokers, direct mailing, the internet, and the Healthcare Marketplace.

5. History of Rate Adjustments

The historical rate adjustments have been:

Effective Date	Overall Rate Change
1/1/2017	██████

6. Effective Date and Implementation Date of Proposed Rate Adjustment

The effective dates for the proposed rates are from 1/1/2018 to 12/31/2018. As required by law, the individual rates are calendar year based.

7. Months of Rate Guarantee

As required by law, all individual rates are calendar year based. Therefore, all individual members' rates are only guaranteed through 12/31/2018 regardless of their issue date, and will receive new rates effective 1/1/2019.

Proposed Rate Increase(s)

8. Proposed Percentage Rate Adjustment

The average rate increase from 1/1/2017 to 1/1/2018 is ██████ based on the plans that are considered to have uniform modifications of coverage according to 45 CFR 147.106.

The requested rate change by plan is listed below:

Plan Name	Area	Proposed Rate Increase
Market HMO 2000/25 - Mercy	Cincinnati/Dayton	██████

Market HMO 2000/30 - Mercy	Cincinnati/Dayton		████
Market HMO 4000 HSA - Mercy	Cincinnati/Dayton		████
Market HMO 6400 HSA - Mercy	Cincinnati/Dayton		████
Market HMO 7350 - Mercy	Cincinnati/Dayton		████
Market HMO 2000/25 – Ohio Health	Columbus		████
Market HMO 2000/30 – Ohio Health	Columbus		████
Market HMO 4000 HSA – Ohio Health	Columbus		████
Market HMO 6400 HSA – Ohio Health	Columbus		████
Market HMO 7350 – Ohio Health	Columbus		████
MedMutual HMO 2000/30 - Mercy	Cincinnati/Dayton		████
MedMutual HMO 4000 HSA - Mercy	Cincinnati/Dayton		████
MedMutual HMO 6400 HSA - Mercy	Cincinnati/Dayton		████
MedMutual HMO 7350 - Mercy	Cincinnati/Dayton		████

9. Reason for Rate Adjustment

The following items are the main reason for the rate adjustment:

- Medical and drug trend from 2017 to 2018
- Morbidity and demographics are assumed to change in 2018
- ACA taxes and fees are different
- Some benefit plans have been modified
- Some plans have been eliminated and new plans have been introduced.
- New agreements with providers for HMO plans

For details regarding each adjustment, please see the "Projection Factors" section.

10. Premium and Benefits Experience for Forms Included in Filing

The experience since inception 1/1/2016 is below:

Experience Period	Premium	Incurred Claims
1/2016 to 12/2016	████	████

The incurred claims are after drug rebates and estimated cost sharing reduction, but prior to any adjustment for reinsurance, risk adjustment and risk corridor.

11. Description of How Rates Were Determined

2018 rates were estimated based on 2016 MHICO ACA experience and projected with appropriate adjustments for benefits, morbidity, demographics and others. Please see "Projection Factors" for details.

12. Percentage of Rate Adjustment Not Attributable to Experience

The entire rate adjustment is attributable to experience.

13. Average Annual Premium

For calendar year 2017, the estimated average annual premium per member was [REDACTED].

For calendar year 2018, the estimated average annual premium per member is [REDACTED].

14. Number of Policyholders and Covered Lives

Based on January 2017 experience, MHICO HMO has [REDACTED] policyholders and [REDACTED] covered lives.

Experience Period Premium and Claims

15. Dates of Service for the Experience Period Used to Develop Rates

The experience period is 1/1/2016 through 12/31/2016.

16. Date Through Which Claims Were Paid

The claims are paid through 2/28/2017.

17. Estimated Allowed Claims During the Experience Period Used to Develop Rates

Allowed claims incurred during the experience period were [REDACTED] after drug rebates.

18. Premium in Experience Period (Net of MLR Rebate)

The earned premium in the experience period was [REDACTED].

19. Benefit Categories

We used the definitions below for the benefit categories in the Unified Rate Review Template.

- a. Inpatient Hospital: Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.
- b. Outpatient Hospital: Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.
- c. Professional: Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital based professionals whose payments are included in facility fees.
- d. Other Medical: Includes non-capitated ambulance, home health care, DME, supplies, managed care and other services.
- e. Capitation: a PMPM paid to a vendor for certain benefits.

f. Prescription Drug: Includes drugs dispensed by a pharmacy.

20. Adjustments to Allowed Claims During the Experience Period

There was no adjustment made to the allowed claims for rate development besides the completion factors which were used to estimate the incurred but not paid claims after the run-out period.

Projection Factors

21. Changes in Benefits

The experience in 2016 is all EHBs. In 2017 we moved to a closed drug formulary. The closed formulary will impact the drug costs by [REDACTED] from 2016 claims.

We normalized the average utilization of services due to the cost sharing of different benefit plans in the experience and the projected period. The utilization adjustment is [REDACTED]. The utilization factors are from the 2016 Milliman Health Cost Guidelines.

Additionally, we eliminated the gender reassignment benefits that were added in 2017.

22. Trend Factors (Cost and Utilization)

Trend factors were supplied by corporate actuaries.

Trend source data contains all institutional, professional, and pharmacy claims for each member. The trend is projected in three essential parts: unit cost, mix, and utilization. The provider contracting department projects the impact that various hospital and provider agreements will have on future costs. These provider projections are built into cost per case projections. For the mix portion, emerging technologies and historical mix behavior are considered to estimate the future. Utilization is projected from knowledge of hospital capacity, economic factors that indicate how likely a member is to seek medical attention given the current state of the economy, seasonality, and historical utilization trends. Adjustments are made for changes in age and gender mix separately for hospital inpatient, hospital outpatient, professional, and pharmacy.

Data is normalized for one-time events that are not projected to reoccur. This process is done on an as-needed basis for events such as catastrophic claims or significant provider payment changes.

Pharmacy claims are further analyzed based on projected shifts from brand to generic utilization. Brand expiration lists are used alongside drug costs and historical new generic pricing tendencies to predict how a drug moving from brand to generic will impact overall costs.

The trend adjustment from experience period of 2016 to projection period 2018 is [REDACTED]. The annual trend is [REDACTED]. Please see the table below for the break out of trend.

Benefit Category	Unit Cost	Utilization	Total Trend	Weights
Inpatient	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Outpatient	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Professional	■	■	■	■
Drug	■	■	■	■
Aggregated Annual Trend			■	■

23. Projected Changes in the Demographics of the Population Insured

We projected the 2018 enrollment distribution based on the existing membership and new enrollment during the 2017 open enrollment period. From this distribution, we are able to calculate an average age factor, and compare it to the average MHICO age factor from the enrollment in 2016. The difference is ■.

We calculated the weighted average cost based geo factors based on the projected regional distribution and compared it to the weighted average MHICO factor based on the regional distribution in 2016. The difference is ■.

We also estimated the projected distribution of tobacco users by age. Using the tobacco cost curve, we estimated the impact to be ■.

The combined demographic adjustment which includes adjustment for age/gender, regional difference and tobacco users is ■.

24. Projected Changes in the Morbidity of the Population Insured

Using our MHICO PPO data, we are able to calculate normalized allowed PMPMs for each issue year and incurred year. Using the normalized PMPMs, we can make an estimate of how we expect the morbidity change from 2016 to 2018. The calculated morbidity change relative to the 2016 experience is ■.

25. Other Projected Changes/Adjustments

We applied a factor for missing premium in the grace period for members who are eligible for a premium subsidy. This adjustment for the projection period has an impact of ■.

We also plan to implement some care management programs to improve the customer experience and lower cost. The overall impact of those programs is about ■.

Credibility Manual Rate Development

26. Source and Appropriateness of Experience Used to Develop the Credibility Manual Rate

No credibility manual was used.

27. Methodology Used to Develop the Credibility Manual Rate

Not applicable.

28. Adjustments Made to Data Used to Develop the Credibility Manual Rate

Not applicable.

29. Inclusion of Capitation Payments in Developing the Credibility Manual

Not applicable.

Credibility of Experience

30. Credibility Methodology

The credibility methodology is the square root rule. Full credibility is assigned at 24,000 member months.

31. Credibility Level(s)

MHICO's 2016 experience is fully credible.

Projected Experience

32. Covered Services – Essential Health Benefits

The list of essential health benefits is from the Ohio EHB benchmark plan and confirmed by internal benefit services, compliance and care management departments. All essential health benefits will be covered under benefit plans except for pediatric dental benefits.

According to 45 CFR 155.1065 (d), health plans without pediatric dental benefits can be certified as QHPs as long as a stand-alone dental plan is offered in the exchange. Since there are stand-alone dental plans offered on the exchange by other carriers, individual medical products under MHICO will not offer pediatric dental benefits. MHICO will offer a few stand-alone dental plans which will be exchange certified and cover required pediatric dental benefits to ensure the full EHB coverage for plans sold off exchange only.

33. Covered Services – State Mandated Benefits Which are Not Essential Health Benefits

There are no state mandated benefits which are not EHBs in Ohio.

34. Covered Services – Eliminated Benefits

No benefits have been eliminated.

35. Covered Services – Additional Mandatory Supplemental Benefits

There are no additional mandatory supplemental benefits.

36. Covered Services – Changes in the Level of Covered Services

There are no changes in the level of covered services.

37. Covered Services – EHB Substitutions

There are no EHB substitutions.

38. Credibility Adjusted Projected Claims

After all of the above adjustments, the projected allowed claims PMPM is [REDACTED]. This value differs from the Projected Allowed Claims PMPM in the URRT due to the required rounding convention of the URRT.

39. Projected Index Rate

The definition of the index rate is the projected allowed claims PMPM for EHBs. There are no benefits in addition to EHBs and all EHBs are covered except for pediatric dental benefits. Thus the projected index rate is also [REDACTED].

40. Risk Adjustment Transfer Amounts

We developed our 2018 risk adjustment transfer by using an internal model that combines our projected 2018 enrollment by metal level and area with estimated risk scores and demographic factors for our 2018 membership. These estimates were based on available information, including 2016 and 2017 year-to-date risk scores for active members, expected morbidity of new 2018 members, and our demographic projections for 2018. The state average parameters (e.g. risk score, AV, geographic factors, average premium) were estimated based on consultant data for 2016, publically available sources including CMS reports, and expected changes to market-wide enrollment and morbidity.

We have estimated that we will pay a risk adjustment transfer of [REDACTED] PMPM. The risk adjustment contribution PMPM is [REDACTED].

41. AV Metal Values

The AV metal values were calculated directly from the 2018 AV calculator released by HHS.

The table below shows the AV metal values of the non-CLE-Care plans which are also entered in Worksheet 2 of the Part I Unified Rate Review Template. Please see Exhibit II for screen shots of the AV calculations.

Plan Name in 2018	Variation	AV Metal Value
Market HMO 2000/25	Standard	[REDACTED]
	Zero cost sharing	[REDACTED]
	Limited cost sharing	[REDACTED]

Market HMO 2000/30	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 2400	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 3500	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 4000 HSA	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 5250 HSA	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
Market HMO 6400 HSA	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
Market HMO 7350	Standard	████████
	Zero cost sharing	██████
	Limited cost sharing	████████
Market HMO Young Adult Essentials	Standard	██████
MedMutual HMO 2000/30	Standard	████████
MedMutual HMO 2400	Standard	████████
MedMutual HMO 3500	Standard	████████
MedMutual HMO 4000 HSA	Standard	████████
MedMutual HMO 5250 HSA	Standard	████████
MedMutual HMO 6400 HSA	Standard	████████

The table below shows the AV metal values of the CLE-Care plans which are also entered in Worksheet 2 of the Part I Unified Rate Review Template. Please see Exhibit II for screen shots of the AV calculations.

Plan Name in 2018	Variation	AV Metal Value
Market HMO 2000/25 – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████
Market HMO 2000/30 – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 2400 – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 3500 – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 4000 HSA – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████
	Variation 1 (200% to 250% FPL)	████████
	Variation 2 (150% to 200% FPL)	████████
	Variation 3 (100% to 150% FPL)	████████
Market HMO 5250 HSA – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████
Market HMO 6400 HSA – CLE-Care	Standard	████████
	Zero cost sharing	████████
	Limited cost sharing	████████

Market HMO 7350 – CLE-Care	Standard	██████
	Zero cost sharing	██████
	Limited cost sharing	██████
Market HMO Young Adult Essentials – CLE-Care	Standard	██████
MedMutual HMO 2000/30 – CLE-Care	Standard	██████
MedMutual HMO 2400 – CLE-Care	Standard	██████
MedMutual HMO 3500 – CLE-Care	Standard	██████
MedMutual HMO 4000 HSA – CLE-Care	Standard	██████
MedMutual HMO 5250 HSA– CLE-Care	Standard	██████
MedMutual HMO 6400 HSA– CLE-Care	Standard	██████
MedMutual HMO 7350– CLE-Care	Standard	██████

42. AV Pricing Values

The AV Pricing Value represents the cumulative effect of adjustments made by the issuer to move from the Market Adjusted Index Rate to the Plan Adjusted Index Rate which includes the administrative expense load incorporated into the rate development.

Please see Exhibit I for the detail benefit designs. As required by 45 CFR 156.80(d)(2), the index rate can only be varied by the following allowable modifiers:

- a. The actuarial value and cost-sharing design of the plan.
- b. The plan's provider network, delivery system characteristics, and utilization management practices.
- c. The benefits provided under the plan that are in addition to the essential health benefits. These additional benefits must be pooled with similar benefits within the single risk pool and the claims experience from those benefits must be utilized to determine rate variations for plans that offer those benefits in addition to essential health benefits.
- d. Administrative costs, excluding Exchange user fees.
- e. With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans.

The pricing values were mainly derived by using Milliman’s Health Cost Guidelines based on industry data, but calibrated to our plans’ provider network and plan features. For a few plan features which cannot be captured in the model, an internal tool based on 2016 individual data was used to derive the adjustments.

The underlying data in Milliman’s Health Cost Guidelines are based predominantly on the experience of large groups, with a sole carrier providing coverage to the group. Employees and their dependents of these large groups were not medically underwritten. Also those employees were not allowed to select among choices of medical benefits in the data that the consulting firm included in their study. Finally, Milliman also adjusted for demographic differences among the different benefit plans.

For each plan priced, Milliman controlled for, or adjusted for, differences in demographic and risk characteristics so as to exclude expected differences in the morbidity of members assumed to select

the plan. Therefore the methodology ensures that differences due to health status are not included in the adjustment.

The morbidity and demographics are expected to be different for the catastrophic plan because it's only for adults under age 30 and people who cannot afford insurance. 45 CFR 156.80 allows insurers to do a plan specific adjustment to the market wide index rate for catastrophic plans.

Please see the details below for the catastrophic adjustment:

Adjustment	Relativity to whole risk pool
Morbidity	█
Demographic(net of premium impact)	█
Total	█

All non-benefit expenses and taxes and fees were applied uniformly across all plans. The profit and risk varies by plan.

Please see Exhibit III for details on the adjustments to move from the Index Rate to Pricing AV/Plan factors.

43. Paid to Allowed Ratio

The average paid to allowed ratio, based on the projected membership distribution for each plan, is equal to █. The same number is entered in Worksheet 1 of the URRT.

44. Projected Membership

Based on the new enrollment migration model and the current enrollment distribution, the projected members by plan are as follows.

Plan Name	Area	Projected Members
Market HMO 2000/25 - Mercy	Cincinnati/ Dayton/ Lima/ Youngstown/ Toledo/ Lorain	█
Market HMO 2000/30 - Mercy		█
Market HMO 2400 – Mercy		█
Market HMO 3500 – Mercy		█
Market HMO 4000 HSA - Mercy		█
Market HMO 5250 HSA – Mercy		█
Market HMO 6400 HSA - Mercy		█
Market HMO 7350 - Mercy		█
Market HMO Young Adult Essentials - Mercy		█
MedMutual HMO 2000/30 - Mercy		█
MedMutual HMO 2400 - Mercy		█
MedMutual HMO 3500 - Mercy		█

MedMutual HMO 4000 HSA - Mercy		████
MedMutual HMO 5250 HSA - Mercy		████
MedMutual HMO 6400 HSA - Mercy		████
MedMutual HMO 7350 - Mercy		████
Market HMO 2000/25 – CLE-Care	Cleveland	████
Market HMO 2000/30 – CLE-Care	Cleveland	████
Market HMO 2400 – CLE-Care	Cleveland	████
Market HMO 3500 – CLE-Care	Cleveland	████
Market HMO 4000 HSA - CLE-Care	Cleveland	████
Market HMO 5250 HSA – CLE-Care	Cleveland	████
Market HMO 6400 HSA – CLE-Care	Cleveland	████
Market HMO 7350 – CLE-Care	Cleveland	████
Market HMO Young Adult Essentials – CLE-Care	Cleveland	████
MedMutual HMO 2000/30 – CLE-Care	Cleveland	████
MedMutual HMO 2400 – CLE-Care	Cleveland	████
MedMutual HMO 3500 – CLE-Care	Cleveland	████
MedMutual HMO 4000 HSA – CLE-Care	Cleveland	████
MedMutual HMO 5250 HSA – CLE-Care	Cleveland	████
MedMutual HMO 6400 HSA – CLE-Care	Cleveland	████
MedMutual HMO 7350 - CLE-Care	Cleveland	████
Market HMO 2000/25 – Promedica	Toledo	████
Market HMO 2000/30 – Promedica	Toledo	████
Market HMO 2400 – Promedica	Toledo	████
Market HMO 3500 – Promedica	Toledo	████
Market HMO 4000 HSA – Promedica	Toledo	████
Market HMO 5250 HSA – Promedica	Toledo	████
Market HMO 6400 HSA – Promedica	Toledo	████
Market HMO 7350 – Promedica	Toledo	████
Market HMO Young Adult Essentials – Promdica	Toledo	████
MedMutual HMO 2000/30 – Promedica	Toledo	████
MedMutual HMO 2400 – Promedica	Toledo	████
MedMutual HMO 3500 – Promedica	Toledo	████
MedMutual HMO 4000 HSA – Promedica	Toledo	████
MedMutual HMO 5250 HSA – Promedica	Toledo	████
MedMutual HMO 6400 HSA – Promedica	Toledo	████
MedMutual HMO 7350 – Promedica	Toledo	████
Market HMO 2000/25 – NE Ohio	Cleveland/Akron	████
Market HMO 2000/30 – NE Ohio	Cleveland/Akron	████
Market HMO 2400 – NE Ohio	Cleveland/Akron	████

Market HMO 3500 – NE Ohio	Cleveland/Akron	█
Market HMO 4000 HSA – NE Ohio	Cleveland/Akron	█
Market HMO 5250 HSA – NE Ohio	Cleveland/Akron	█
Market HMO 6400 HSA – NE Ohio	Cleveland/Akron	█
Market HMO 7350 – NE Ohio	Cleveland/Akron	█
Market HMO Young Adult Essentials – NE Ohio	Cleveland/Akron	█
MedMutual HMO 2000/30 – NE Ohio	Cleveland/Akron	█
MedMutual HMO 2400 – NE Ohio	Cleveland/Akron	█
MedMutual HMO 3500 – NE Ohio	Cleveland/Akron	█
MedMutual HMO 4000 HSA – NE Ohio	Cleveland/Akron	█
MedMutual HMO 5250 HSA – NE Ohio	Cleveland/Akron	█
MedMutual HMO 6400 HSA – NE Ohio	Cleveland/Akron	█
MedMutual HMO 7350 – NE Ohio	Cleveland/Akron	█
Market HMO 2000/25 – Ohio Health	Columbus	█
Market HMO 2000/30 – Ohio Health	Columbus	█
Market HMO 2400 – Ohio Health	Columbus	█
Market HMO 3500 – Ohio Health	Columbus	█
Market HMO 4000 HSA – Ohio Health	Columbus	█
Market HMO 5250 HSA – Ohio Health	Columbus	█
Market HMO 6400 HSA – Ohio Health	Columbus	█
Market HMO 7350 – Ohio Health	Columbus	█
Market HMO Young Adult Essentials – Ohio Health	Columbus	█

Non-Benefit Expenses and Profit & Risk

45. Expense Assumptions

The projected administrative expense load is █. It includes the commission, variable expenses, and fixed expenses.

The projected after-tax contribution to surplus is █.

The taxes and fees only include the taxes and fees that may be subtracted from premiums for the purpose of calculating MLR. These are the PCORI fee, Medicaid tax, exchange user fee, premium tax, federal income tax, and health insurer fee. Based on our projected enrollment distribution between on-exchange and off-exchange members, we estimate the exchange fee to be █. The premium tax is █. Risk adjustment contribution is included in “Risk Adjustment Transfer Amounts”. The total projected taxes and fees excluding risk adjustment fees are █.

These expenses are entered in Worksheet 1 of the Part I Unified Rate Review Template.

The table below shows the details of the expenses (including the risk adjustment fee):

All expenses, taxes and fees, contribution to surplus and risk	Dollar Amount (PMPM)	% of Premium
Fixed admin expenses		██████
Variable admin expenses		██████
After-tax Profit/Risk		██████
Commission		██████
PCORI fee	██████	
Risk Adjustment fee	██████	
Reinsurance fee	██████	
Medicaid Tax	██████	
Health insurer fee		██████
Exchange fee		██████
Premium tax		██████
Others (payroll tax and income tax that can be deducted from MLR)		██████
Total (converted to % of premium)		██████

46. Age Factors

Age factors are the same as the standard factors prescribed by HHS. Please see Exhibit V for the factors.

47. Geographic Factors

We developed the geographic factors using the allowed claims cost of the 2016 ACA individual experience, post-risk adjustment so as to ensure that morbidity differences between regions were removed.

The reason for the large reduction in the area factors of many of the rating areas is to reverse action we took in the 2017 MHICO rate filing. In 2017 both POS and HMO plans were offered under MHICO and therefore shared the same area factors. Due to the unavailability of the POS providers in the counties HMO plans are offered, we had increased the area factors at least 100% from 2016 to avoid any potential POS sales in those counties. Now that POS products are no longer being offered, the 2018 factors have effectively reversed the 2017 changes, resulting in many factors showing a decrease near 50%.

Region	MHICO 2017	MHICO 2018	% Change
--------	------------	------------	----------

Rating Area 1	████	████	██
Rating Area 2	████	████	████
Rating Area 3	████	████	████
Rating Area 4	████	████	████
Rating Area 5	████	████	████
Rating Area 6	████	████	██
Rating Area 7	████	████	████
Rating Area 8	████	████	████
Rating Area 9	████	████	████
Rating Area 11	████	████	██
Rating Area 12	████	████	████
Rating Area 13	████	████	████
Rating Area 17	████	████	████

Please see Exhibit VI for the geographic factors.

48. Tobacco Factors

The tobacco use factors vary by age and range from █████ to █████. There are no changes to the factors from the prior filing. Please see Exhibit VIII for the factors.

49. Base Rate Development

Starting with the Index Rate, we first added the impact of the risk adjustment contribution and exchange fee to calculate the Market Adjusted Index Rate which is █████ (see section #51).

The second step is to multiply the Market Adjusted Index Rate by the paid to allowed ratio which is █████ to estimate the incurred claims PMPM which is █████.

The third step is to calculate the gross premium PMPM by adding the non-benefit expenses, risk, profit/risk and taxes and fees. Those expenses were discussed in section #45 above excluding risk adjustment fee and exchange fee. The overall non-benefit expenses and risk/profit is █████ of overall premium. The projected gross premium PMPM is █████.

The last step is to normalize the Plan Adjusted Index Rate PMPM to calculate the base rates. According to the 2018 Unified Rate Review Instructions, the only allowed calibration factors are for age factors, geographic factors, and smoker factors.

Plan Adjusted Index Rate	████	A
Projected Age Factor	██	B
Projected Geo Factor	██	C
Projected Smoker Factor	██	D
Base Rate	████	= A / (B * C * D)

50. Development of Rate Tables

According to the 2018 Unified Rate Review Instructions, the only allowed calibration factors are for age, geographic, and smoker factors.

Plan Adjusted Index Rate	██████	A
Projected Age Factor	██████	B
Projected Geo Factor	██████	C
Projected Smoker Factor	██████	D
Base Rate	██████	= A / (B * C * D)

The projected age factor is the member-weighted average standard age factor based on the projected 2018 member distribution by age adjusted for the dependent cap. The projected average age of all members is ██████.

The projected geographic factor is the member-weighted average geographic factor based on the projected 2018 member distribution by region.

51. Market Adjusted Index Rate

According to the 2018 Unified Rate Review Instructions, the Market Adjusted Index Rate is the Index Rate adjusted for risk adjustment and exchange fee. The market adjusted index rate is estimated as ██████ with details below.

Index Rate	A	██████
Adjustment for risk adj. contribution	B	██████
Adjustment for reinsurance	C	██████
Adjustment for exchange fee	D	██████
Market Adjusted Index Rate	E	██████

$$E = A+B+C+D$$

Projected Loss Ratio

52. Loss Ratio Requirements

We project the loss ratio for these products based on the MLR formula will be ██████ which is higher than the 80% requirement. In the MLR formula, most ACA fees and taxes are deductible from premium.

53. Ohio Loss Ratio Requirements

The projected conventional loss ratio is [REDACTED], which exceeds the minimum 55% loss ratio for guaranteed renewable products required by NAIC Model #134.

54. Terminated Products

In 2018, we eliminated the following plans:

Market HMO 1200 Mercy Lima
Market HMO 1750 Mercy Lima
Market HMO 4000 HSA Mercy Lima
Market HMO 6400 HSA Mercy Lima
Market HMO 7150 Mercy Lima
Market HMO 1200 Mercy Youngstown
Market HMO 1750 Mercy Youngstown
Market HMO 4000 HSA Mercy Youngstown
Market HMO 6400 HSA Mercy Youngstown
Market HMO 7150 Mercy Youngstown
MedMutual HMO 1750 Mercy Lima
MedMutual HMO 4000 HSA Mercy Lima
MedMutual HMO 6400 HSA Mercy Lima
MedMutual HMO 7150 Mercy Lima
MedMutual HMO 1750 Mercy Youngstown
MedMutual HMO 4000 HSA Mercy Youngstown
MedMutual HMO 6400 HSA Mercy Youngstown
MedMutual HMO 7150 Mercy Youngstown
Market 1200
Market 1750
Market 2400
Market 4000 HSA
Market 5000
Market 6400 HSA
Market 7150
Market Young Adult Essentials

Existing members in these Mercy plans will be mapped to the 2018 Mercy version of the respective plan.

55. Plan Type

All plans in this filing are HMO products.

56. Warning Alerts

There are a few warning alerts in the Worksheet 2 of the Unified Rate Review Template

- a. Section III, Row 56: The “Experience Period Member Months” in worksheet 1 do not match the total “Member Months” in Section III of worksheet 2. The reason for this is

because there are nine Promedica HMO plans that are being mapped from one member of a controlled group to another member within a controlled group. These plans are being mapped from Consumers Life Insurance Company (CLIC) to Medical Health Insuring Corp (MHICO), both of which are wholly owned subsidiaries of Medical Mutual of Ohio. Due to this mapping, these plans are listed as “Renewing” in worksheet 2. The 2016 member months for these plans are included in row 56 of worksheet 2 but are not included as part of the MHICO experience period data in worksheet 1.

- b. Section III, Row 68: The “Total Incurred claims, payable with issuer funds” in Section III of worksheet 2 does not match the “Incurred claims in the experience period” in worksheet 1. According to the URRT instructions, the number in worksheet 2 is total claims minus the cost sharing reduction, risk transfer, and reinsurance recovery; however the incurred claims in worksheet 1 are the total claims minus the cost sharing reduction only. The difference is due to the risk transfer and reinsurance recovery and is reasonable.
- c. Section III, Row 73: The incurred claims PMPM do not match for the same reason as in row 68. The difference is due to the risk transfer and reinsurance recovery and is reasonable.

57. Reliance

- a. I relied on data systems and information put together from other employees of Medical Mutual of Ohio for allowed claim PMPM of individual business, average cost of EHB, metal AV values, pricing AV and adjustment factors for the index rates, rate manual and data entered into URRT and SERFF.
- b. I relied on the trend data provided by the corporate actuarial area of Medical Mutual of Ohio.
- c. I relied on the EHB determination from benefit services, care management and compliance departments of Medical Mutual of Ohio.
- d. I relied on interpretation of regulations from the legal department of Medical Mutual of Ohio.
- e. I relied on non-benefit expenses provided by the finance department of Medical Mutual of Ohio.

58. Attachments

Please see the following attachments in the filing:

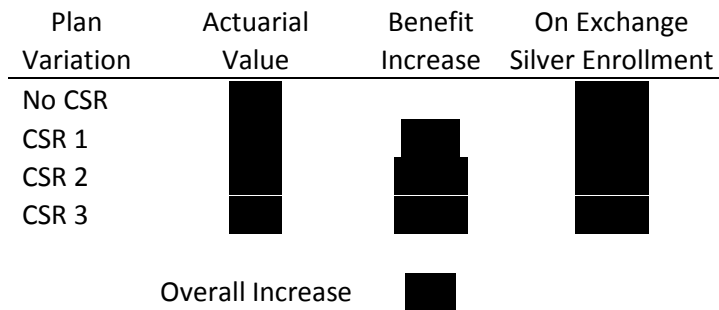
- a. Benefit Summary (Exhibit I)
- b. Screenshots of AV Calculation (Exhibit II)
- c. Development for Pricing AV/Plan Factors (Exhibit III)
- d. Base Rate (Exhibit IV)
- e. Age Factors (Exhibit V)
- f. Geographic Factors (Exhibit VI)
- g. Plan Factors (Exhibit VII)
- h. Tobacco Factors (Exhibit VIII)
- i. Rating Examples (Exhibit IX)
- j. Ohio Actuarial Certification (Exhibit X)

Addendum: Alternate Assumptions

The following section outlines the alternative assumptions that will be used in the event that the cost sharing reduction payments are eliminated. Following the guidance on this matter from the Ohio Department of Insurance, all costs of the unfunded CSR payments will be attributed to on-exchange silver plans, with all assumptions for the other tiers remaining the same. Additionally, carriers are permitted to have (or create if needed) off-exchange silver plans with the same benefits as the on-exchange version, that are not be subject to the additional load. MHICO already has off-exchange versions for all of its silver plans except those plans in the Ohio Health HMO network. In order to offer an off-exchange version not subject to the new premium load, we took this opportunity to create four new off-exchange silver plans for Ohio Health that mirror the current on-exchange plans. The rates for these plans match the previously filed on-exchange rates.

Plan Name	Metal Level	Standard ID
MedMutual HMO 2000/30 - OhioHealth	Silver	99969OH0090048
MedMutual HMO 2400 - OhioHealth	Silver	99969OH0090049
MedMutual HMO 3500 - OhioHealth	Silver	99969OH0090050
MedMutual HMO 4000 HSA - OhioHealth	Silver	99969OH0090051

To determine the additional load needed for the on-exchange silver plans we examined the difference in benefits between the standard silver plans and CSR variations. Comparing the actuarial value of each variation to the standard, we were able to calculate the premium increase needed to pay for the additional benefits that are no longer funded by the government. For example, the actuarial value of the standard silver plan is .70, while the AV of the CSR 1 plan is .73. Dividing the two values ($0.73/0.70 = 1.04$) shows that a 4% premium increase is needed for these plans. Similar calculations were performed for the other CSR variations, and the resulting increases were weighted by the projected distribution of on-exchange silver membership in order to determine the overall increase needed. The table below shows the results.



The ██████ load for on-exchange silver plans will be applied to the plan factor. The table below shows an update to Exhibit VII, the Plan Factors page of the Rate Manual.

**EXHIBIT VII
PLAN FACTORS**

1/1/2018 - 12/31/2018

Plan Name	Area	Plan Factor
Market HMO 2000/25 - Mercy *		
Market HMO 2000/30 - Mercy		
Market HMO 2400 - Mercy		
Market HMO 3500 - Mercy		
Market HMO 4000 HSA - Mercy		
Market HMO 5250 HSA - Mercy		
Market HMO 6400 HSA - Mercy		
Market HMO 7350 - Mercy		
Market Young Adult Essentials - Mercy		
MedMutual HMO 2000/30 - Mercy		
MedMutual HMO 2400 - Mercy		
MedMutual HMO 3500 - Mercy		
MedMutual HMO 4000 HSA - Mercy		
MedMutual HMO 5250 HSA - Mercy		
MedMutual HMO 6400 HSA - Mercy		
MedMutual HMO 7350 - Mercy		
Market HMO 2000/25 - CLE-Care	Cleveland	
Market HMO 2000/30 - CLE-Care	Cleveland	
Market HMO 2400 - CLE-Care	Cleveland	
Market HMO 3500 - CLE-Care	Cleveland	
Market HMO 4000 HSA - CLE-Care	Cleveland	
Market HMO 5250 HSA - CLE-Care	Cleveland	
Market HMO 6400 HSA - CLE-Care	Cleveland	
Market HMO 7350 - CLE-Care	Cleveland	
Market Young Adult Essentials - CLE-Care	Cleveland	
MedMutual HMO 2000/30 - CLE-Care	Cleveland	
MedMutual HMO 2400 - CLE-Care	Cleveland	
MedMutual HMO 3500 - CLE-Care	Cleveland	
MedMutual HMO 4000 HSA - CLE-Care	Cleveland	
MedMutual HMO 5250 HSA - CLE-Care	Cleveland	
MedMutual HMO 6400 HSA - CLE-Care	Cleveland	
MedMutual HMO 7350 - CLE-Care	Cleveland	
Market HMO 2000/25 - Promedica	Toledo	
Market HMO 2000/30 - Promedica	Toledo	
Market HMO 2400 - Promedica	Toledo	
Market HMO 3500 - Promedica	Toledo	
Market HMO 4000 HSA - Promedica	Toledo	
Market HMO 5250 HSA - Promedica	Toledo	
Market HMO 6400 HSA - Promedica	Toledo	
Market HMO 7350 - Promedica	Toledo	
Market Young Adult Essentials - Promedica	Toledo	
MedMutual HMO 2000/30 - Promedica	Toledo	

MedMutual HMO 2400 - Promedica	Toledo	
MedMutual HMO 3500 - Promedica	Toledo	
MedMutual HMO 4000 HSA - Promedica	Toledo	
MedMutual HMO 5250 HSA - Promedica	Toledo	
MedMutual HMO 6400 HSA - Promedica	Toledo	
MedMutual HMO 7350 - Promedica	Toledo	
Market HMO 2000/25 - NE Ohio	Cleveland/Akron	
Market HMO 2000/30 - NE Ohio	Cleveland/Akron	
Market HMO 2400 - NE Ohio	Cleveland/Akron	
Market HMO 3500 - NE Ohio	Cleveland/Akron	
Market HMO 4000 HSA - NE Ohio	Cleveland/Akron	
Market HMO 5250 HSA - NE Ohio	Cleveland/Akron	
Market HMO 6400 HSA - NE Ohio	Cleveland/Akron	
Market HMO 7350 - NE Ohio	Cleveland/Akron	
Market Young Adult Essentials - NE Ohio	Cleveland/Akron	
MedMutual HMO 2000/30 - NE Ohio	Cleveland/Akron	
MedMutual HMO 2400 - NE Ohio	Cleveland/Akron	
MedMutual HMO 3500 - NE Ohio	Cleveland/Akron	
MedMutual HMO 4000 HSA - NE Ohio	Cleveland/Akron	
MedMutual HMO 5250 HSA - NE Ohio	Cleveland/Akron	
MedMutual HMO 6400 HSA - NE Ohio	Cleveland/Akron	
MedMutual HMO 7350 - NE Ohio	Cleveland/Akron	
Market HMO 2000/25 - Ohio Health**	Columbus	
Market HMO 2000/30 - Ohio Health	Columbus	
Market HMO 2400 - Ohio Health	Columbus	
Market HMO 3500 - Ohio Health	Columbus	
Market HMO 4000 HSA - Ohio Health	Columbus	
Market HMO 5250 HSA - Ohio Health	Columbus	
Market HMO 6400 HSA - Ohio Health	Columbus	
Market HMO 7350 - Ohio Health	Columbus	
Market Young Adult Essentials - Ohio Health	Columbus	
MedMutual HMO 2000/30 - Ohio Health	Columbus	
MedMutual HMO 2400 - Ohio Health	Columbus	
MedMutual HMO 3500 - Ohio Health	Columbus	
MedMutual HMO 4000 HSA - Ohio Health	Columbus	

* Plan not available in Auglaize, Hancock, Mercer, and Putnam counties.

** Plan not available in Crawford, Hardin, Hocking, Knox, Marion, and Richland counties.

Additionally, an updated URRT and Rate Data Template have been uploaded to SERFF.

59. Actuarial Certification

(1) Certifying Actuary: I, Stephen Spears, Actuary, am an employee of Medical Mutual of Ohio. I am an Associate of the Society of Actuaries and a member of the American Academy of Actuaries. I meet its Qualification Standards for issuing this Certification.

(2) In my opinion, the projected Index Rate is:

- 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 benefit provided and the population anticipated to be covered
- Neither excessive nor deficient

(3) In my opinion, only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

(4) In my opinion, the percentage of total premium that represents essential health benefits included in Worksheet 2, Section III and IV was calculated in accordance with actuarial standards of practice.

(5) In my opinion, 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.

(6) AV Metal Values: All metal values were determined by the AV calculator released by HHS and are entered in the Worksheet 2 of Part I URRT for all plans. There are no unique plan designs for which we needed to use an alternate methodology.

(7) EHB Substitutions: No EHB substitutions were made.

(8) The Part I Unified Rate Review Template does not demonstrate the exact process used by Medical Mutual of Ohio to develop the rates. Rather it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally-facilitated exchanges, and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

(9) State-required Actuarial Certification: please see Exhibit X.



Stephen Spears ASA, MAAA
Manager, Actuarial Analysis

Medical Mutual of Ohio (Medical Health Insuring Corp. of Ohio is a wholly owned subsidiary of Medical Mutual of Ohio)

Exhibit X

Ohio ACA Rate Filing Checklist

For Issue Years:

2018 Major Medical Products and 2017/2018 Student Health Plans

ACTUARIAL CERTIFICATION

I, Stephen Spears, Manager, Actuarial Analysis of Medical Mutual of Ohio (Medical Health Insuring Corp. is a wholly owned subsidiary of Medical Mutual of Ohio), am a Member of the American Academy of Actuaries and meet its qualification standards for preparing contractual periodic prepayments for Health Insuring Corporations. This Actuarial Certification applies to the MHICO products: MedMutual HMO, and MedMutual HMO Off Exchange.

1. The contractual periodic prepayments filed are in compliance with the applicable laws, rules and guidelines of the State of Ohio.
2. The contractual periodic prepayments filed are reasonable in relation to the benefits provided and are not excessive, inadequate, or unfairly discriminatory.
3. The contractual periodic prepayments are calculated on the basis of sound actuarial principles.
4. The contractual periodic prepayments are reasonable when related to the applicable coverage and characteristics of the applicable class of enrollees.
5. The contractual periodic prepayments filed are prepared in conformity with the Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board that are checked below [*check the ASOPs used below and provide a separate page with an explanation of why the others were not used*].

CHECK LIST OF ACTUARIAL STANDARDS OF PRACTICE (ASOPs) FOR STATEMENT 5 ABOVE

- ASOP No. 5 – Incurred Health Claim Liabilities
- ASOP No. 8 – Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits
- ASOP No. 12 – Risk Classification (for All Practice Areas)
- ASOP No. 23 – Data Quality
- ASOP No. 25 – Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property / Casualty Coverages
- ASOP No. 26 – Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans
- ASOP No. 41 – Actuarial Communications
- ASOP No. 42 – Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims
- ASOP No. 45 – The Use of Health Status Based Risk Adjustment Methodologies
- ASOP No. 50 – Determining Minimum Value and Actuarial Value under the Affordable Care Act

Stephen Spears ASA, MAAA
Name of Actuary & Professional Designations

(216)687-6849
Telephone Number of Actuary



Signature of Actuary

Explanation of ASOPs that are not used:

- ASOP No. 26 - Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans

This premium rate filing is for individual major medical health plans. Therefore, ASOP No.26 was not used.