



Part III Actuarial Memorandum & Certification

REDACTED

AultCare Insurance Company

Individual Rate Filing – No CSR Scenario

Effective January 1, 2018



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GENERAL INFORMATION

This document contains the Part III Actuarial Memorandum for AultCare Insurance Company's Individual block of business, effective January 1, 2018. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template (URRT).

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules. This information may not be appropriate for other purposes.

This actuarial memorandum is subject to the terms and conditions of the Consulting Services Agreement between AultCare Insurance Company and Milliman, Inc., dated January 1, 2015. This information is intended for use by the State of Ohio Department of Insurance, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of AultCare Insurance Company's Individual rate filing. However, we recognize that this certification may become a public document. Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this actuarial memorandum prepared for AultCare Insurance Company by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

The premium rates are actuarial projections. Actual cost experience is likely to differ for a number of reasons, including random variation.

The premium rates are premised on the discontinuation of cost-sharing reduction payments (CSRs) paid by the federal government as prescribed by the Ohio Department of Insurance (ODI), and the individual mandate continuing to exist and be enforced.

Company Identifying Information:

- Company Legal Name: AultCare Insurance Company
- State: Ohio
- HIOS Issuer ID: 28162
- Market: Individual
- Effective Date: January 1, 2018 (rates effective for CY2018)

Company Contact Information:

- Primary Contact Name: Brandi Laterza
- Primary Contact Telephone Number: 330-363-3400
- Primary Contact Email Address: blaterza@aultcare.com.



PREMIUM RATE DEVELOPMENT APPROACH

This section of the actuarial memo describes the pricing approach. Subsequent sections address specific items required by the actuarial memo instructions (there may be some redundancy among the sections, but we limit this to the extent possible).

Exhibit 1 documents the rates included in this filing, as well as all rating factors and the rating formula.

Exhibit 2 documents the premium development. The exhibit starts with 1/2016-12/2016 incurred claims experience for AultCare's individual block of business, including both Transitional and ACA plans. The experience has been reconciled to AultCare's income statement and has been adjusted for claims incurred but not paid. The experience is based on all AultCare's individual experience statewide, as none of it is grandfathered. The experience was normalized for age (using the federal 3:1 age factors), benefit design, and area.

The normalized, or per-unit, claims were trended to CY 2018. The premium rates will be effective on a calendar year basis. The trend rates were selected following review of historical trends, and also consider expectations of future trends.

The premium for family coverage is determined by summing the premium rates for each individual family member, excluding any more than three child dependents under age 21. Per the 2018 Unified Rate Review instructions, we have applied a factor of zero for children over the three-dependent max in the age calibration factor to account for the lost revenue due to the cap.

The morbidity change factor for the Transitional population is large. This factor reflects the shift from medically underwritten business to guaranteed issue. All AultCare Transitional contracts are expected to renew their Transitional policies on or before January 1st, 2018, and therefore the projection period population is based on the ACA population only. We expect an additional 4.5% morbidity increase in the 2016 ACA population due to increased risk from carriers exiting the market in 2018.

PMPM loads are added for PCORI, Risk Transfer Adjustments, and the Risk Adjustment User Fee. These PMPM loads are divided by the projected aggregate rating factors to transition them to per-unit (rather than PMPM) amounts.

Non-claims expenses are then loaded. We load the exchange fee, health insurance providers fee (HIPF), premium tax, high-cost risk pool assessment, and 20% for combined administrative costs, commissions, and margin. The loss ratio net of MLR deductible taxes and fees is 80.0%. The MLR deductible taxes and fees are the exchange fee, ACA fees (HIPF, PCORI, and Risk Adjuster User Fee), and premium tax. The targeted margin is 4.0%.



Following all of these adjustments and loads, Exhibit 2 displays the final per-unit premium rate. This amount is multiplied by the standard age factors, AultCare's area factors, tobacco factors, and the benefit relativity factor in order to calculate the premium for any member. For the catastrophic plan only, an additional adjustment factor is applied to reflect the better morbidity of the population expected to enroll.

The benefit design relativity factors are calculated in accordance with regulations. In particular, they do not reflect the health status of individuals expected to select a given plan.

As prescribed by ODI, the rates submitted with this filing assume that the CSR payments will be discontinued in 2018, and the additional load for non-payment of CSRs is spread uniformly across the Silver metal tier plans that are offered on the Exchange. To estimate the additional load, we assumed that a portion of members on base and 73% CSR variant Silver plans would move to AultCare's newly created off-Exchange only Silver plans. These four new plans are not offered on-Exchange, and therefore do not receive the additional load. We calculated the amount of CSRs subsidies paid in 2016 for the members projected to remain on the original Silver plans, which was approximately 20% of the premiums for these members in 2016. We have assumed a similar level of subsidies would have been paid in 2018 and applied a 20% load to Silver tier plans offered on the Exchange. The rates for all other metal tiers are identical to those submitted on June 29, 2017.

The rating formula is as follows:

$$\text{Premium} = \text{Plan Specific Per Unit Rate} \times \text{Federal Age Factor} \times \text{Area Factor} \times \text{Tobacco Factor} *$$

* Premium only charged on first three children per family contract.

These rates are projected to be reasonable relative to the level of benefits provided, and not excessive, inadequate, or unfairly discriminatory.

PROPOSED RATE INCREASE

We are proposing a 13.8% increase in the per unit rate (1.0 for all rating factors) for all plans in the projection period. The main components of the rate increase are as follows (multiplicative):

- +3.4% - Single risk pool experience
- -8.0% - Decreased trend
- -1.0% - Improved PBM contract terms
- +4.5% - Change in morbidity
- +3.2% - Change in projected taxes, fees, and margin
- +12.1% - Change in risk adjustment transfers

Note that the rate increase on the URRT is 29.28%; this reflects renewing plans only, at average projected rating factors, and includes the 20% load on Silver plans for non-payment of CSRs discussed above.



EXPERIENCE PERIOD PREMIUM AND CLAIMS

Paid Through Date: The rates were developed based on claims incurred 1/2016-12/2016, paid through 2/2017.

Premiums (net of MLR Rebate) in Experience Period: Premiums earned in CY2016 are shown on Worksheet 1, Section I of the URRT. AultCare met the minimum loss ratio requirements for this line of business, thus was not subject to an MLR rebate. Premiums reflected on the URRT were developed from policy-level premium data provided by AultCare.

Allowed and Incurred Claims Incurred During the Experience Period: Allowed claims were summarized from detailed claims files provided by AultCare. Allowed claims reflect plan liability (including capitation payments) and patient cost-sharing.

Incurred claims reflect plan liability, including capitation payments, and were developed from the detailed claims files provided by AultCare, and reconciled with AultCare’s income statement.

Consistent with the URRT instructions, both allowed and incurred paid claims were adjusted to include provider incentive payments, are net of Rx rebates (they are offset against Rx claims) and do not include coordination of benefit payments.

Incurred but not paid claims were estimated based on completion factors using the developmental method. For the most recent months, where developmental methods tend to have the most difficulty, we considered additional factors in setting our estimates, including trends in incurred claims per member per month, claim seasonality, and professional judgment. The same completion factors were applied both to paid and allowed medical fee-for-service claims.

The following table provides the required breakdown of the URRT WS1 ultimate incurred estimate by component:

<u>Summary of Data Reflected in URRT Base Period:</u>	<u>Allowed PMPM</u>	<u>Paid PMPM</u>
FFS Incurred Claims:	\$232.34	\$152.30
Estimated IBNP:	5.51	3.80
Capitation:	88.93	63.06
Rx (net rebates):	76.01	49.36
<u>Quality Incentive and Adjustments for claims outside claims system:</u>	0.08	0.08
Final Incurred Claims:	\$402.87	\$268.60

BENEFIT CATEGORIES

We used Milliman’s Health Cost Guidelines (HCG) Grouper in order to categorize the historical claims into the benefit categories in Worksheet 1, Section II. The HCG Grouper uses a



combination of HCPCS Codes, Revenue Codes, DRGs, Specialty Codes, Diagnosis Codes, and other indicators in order to categorize detailed claim-level detail into benefit categories. These benefit categories are consistent with the categories used in Milliman's Health Cost Guidelines.

The detailed benefit categories from the HCG Grouper were then consolidated into the categories shown on Worksheet 1, Section II.

The Other category includes services such as home health, ambulance, DME, and prosthetics.

PROJECTION FACTORS

Changes in the Morbidity of the Population Insured: The projection factors in the URRT tie to those described earlier from Exhibit 2. Specifically, the URRT factor includes the morbidity adjustment from Exhibit 2. This factor is discussed earlier in the "Premium Rate Development Approach" section.

Changes in Benefits, Demographics, and Other Adjustments: The Other factor includes changes in plan benefit relativities, demographics, and other items. As described in the "Premium Rate Development Approach" section, we do not project allowed amounts as part of our premium rate development. We do so for URRT reporting purposes only. This adjustment factor includes all adjustments such that the allowed amount on URRT WS 1 ties to that on URRT WS 2.

Trend Factors: Projected trends were estimated based on review of historical trends, understanding of typical, recent medical trends, and discussion with AultCare. Projected changes to capitation rates were also considered in the estimation of trend factors. The 9.2% annual trend used to project historical claims reflects our best estimate of underlying medical trend, as well as a 12.6% increase in capitation payments in 2018. 9.2% is the total trend when applied to paid claims (as on Exhibit 2). When applying the same component trends to allowed claims, as on Worksheet 1 of the URRT, the total trend is 9.0%. As described in the "Paid to Allowed Ratio" section below, our pricing was based on paid amounts, not allowed. Therefore, in order to reflect our best estimate of 9.2% total trend on Worksheet 1, 0.2% was included in the "Other" factor. Exhibit 3 shows a summary of historical trends, normalized for age, area, and benefit plans.

Our best estimate trend of 9.2% per year can be decomposed into an estimated 6.8% increase to unit costs and a 2.2% increase to utilization.

We trended the experience 24 months, from the midpoint of the experience period (7/1/2016) to the midpoint of the projection period (7/1/2018).

CREDIBILITY MANUAL RATE DEVELOPMENT

A credibility manual rate was not required in the development of these rates.



CREDIBILITY OF EXPERIENCE

We assumed that AultCare Insurance Company's historical experience is fully credible for the purposes of the rate projection.

An explicit credibility methodology was not required, as the base period experience reflects an average of over 95,000 member months (over 65,000 on ACA plans), which we deemed fully credible. For comparison, for Medicare Advantage, CMS assigns full credibility to experience with 24,000 member months.

PAID TO ALLOWED RATIO

The Paid to Allowed Average Factor in the Projection Period for the market is shown on Worksheet 1, Section III.

Our actual premium development, as documented in Exhibit 2, used projected per-unit paid (plan liability) amounts. We projected the average paid PMPM in 2018 from this development. For the purpose of the URRT, we estimated a paid-to-allowed ratio for each plan, based on detailed modelling using the Milliman Health Cost Guidelines.

The Paid to Allowed Average Factor was developed based on the plan level estimated paid to allowed ratios, weighted on projected membership. Again, this factor was not actually used in pricing, but is shown as required in the URRT.

RISK ADJUSTMENT

Experience Period Risk Adjustment and Reinsurance Adjustments PMPM:

Please see the "Projected Risk Adjustments PMPM" section below for details on the estimation of experience period risk adjustment. To estimate the experience period reinsurance adjustments, we calculated the estimated reinsurance using the 2016 reinsurance parameters and the actual 2016 claims.

Projected Risk Adjustments PMPM: Exhibit 4 shows our development of the projected risk adjustment payments. In our projection, we started with the 2016 final risk transfer report released by CMS. We assumed the statewide PLRS would be equal to the final 2016 PLRS. We trended the statewide average premium to 2018, and reduced the average premium by 14% per the 2018 risk transfer formula. We have assumed that other changes in the 2018 risk transfer formula (inclusion of Rx and partial year enrollment adjustment) will not have a significant effect on AultCare's risk transfers; that is, we expect the effect of these changes for AultCare to be similar to the statewide effect. Using the resulting projected PMPM risk transfer by metal level, along with the projected membership, we estimated a total average PMPM risk transfer of \$36.22 (paid to CMS). The total projected risk adjustment in the URRT also includes the 2018 PMPM risk adjustment user fee and high-cost risk pool assessment.



NON-BENEFIT EXPENSES AND PROFIT & RISK

Administrative Expense Load: Non-benefit expenses were estimated based on historical costs for this line of business, while also accounting for changes in business functions in 2018, and the minimum loss ratio requirements. Administrative costs are estimated to be 16% and risk/profit margin was set at 4%. The projected loss ratio, net of MLR deductible taxes/fees, is 80%, meeting MLR requirements for this line of business.

Profit (or contributions to Surplus) & Risk Margin: The proposed rates reflect 4.0% as a risk/profit margin. This load was applied to all plans.

Taxes and Fees: The following taxes and fees are included in the non-benefit expenses:

- \$0.20 PMPM for the Patient Centered Outcomes Research Fee
- 2.4% for the Exchange Fee. This was developed assuming that 69.8% of members enroll through the Exchange, multiplied by the 3.5% Exchange Fee.
- 2.6% for the ACA Health Insurance Industry Fee
- \$0.14 PMPM Risk Adjustment User Fee
- 0.4% for the High-Cost Risk Pool Assessment
- 1.4% State Premium Tax

PROJECTED LOSS RATIO

The projected loss ratio, after adjusting for premium taxes and fees, is 80.0%. This is before adjusting for quality-related administrative costs and credibility, which can only raise the adjusted MLR.

SINGLE RISK POOL

AultCare rates are developed using a single risk pool, established according to the requirements in 45 CFR section 156.80(d) and reflect all covered lives for every non-grandfathered product/plan combination, in the State of Ohio individual health insurance market.

Note that the URRT includes transitional products/plans for purposes of the base rate experience; however, the experience for these policies has not been used in the projection since we believe they will not be in the single risk pool in the projection period.

INDEX RATE

The projected index rate, as shown on Worksheet 1, Section III, represents the anticipated allowed claim PMPM of the projection period for all essential health benefits, at an average age and area factor (further described in the “Calibration” section below).

The index rate for the experience period is approximately 0.03% lower than the allowed PMPM. The experience period encompassed a wide variety of plan designs and we identified some claims associated with non-pediatric vision, which will not be an EHB. Massotherapy is



also known to be covered in the experience period, but we have assumed the costs associated with this to be de minimus.

The index rate in the projection period is equal to the allowed PMPM, as all benefits offered are EHBs.

MARKET ADJUSTED INDEX RATE

Exhibit 5 documents the transitions from the Index Rate to the Market Adjusted Index Rate. The Index Rate is adjusted for net risk adjustment and the Exchange user fee; both are grossed up to “allowed” levels by dividing by the paid-to-allowed ratio.

As shown on Exhibit 5, we first add the net risk adjustment and Exchange user fee to the Index Rate. The resulting value is the Market Adjusted Index Rate. The Market Adjusted Index Rate is not calibrated. This means that this rate reflects the average demographic characteristics of the single risk pool.

PLAN ADJUSTED INDEX RATE

The Market Adjusted Index Rate is adjusted to compute the Plan Adjusted Index Rates using the following allowable adjustments, shown in Exhibit 5:

- Actuarial value and cost sharing adjustment
 - The CMS Actuarial Value Calculator was used to determine the actuarial value for each plan
 - The cost sharing adjustment was developed utilizing Milliman's 2016 *Health Cost Guidelines*. Relativities between plans were based on the differences in cost and utilization for varying levels of cost sharing. This includes a 20% load on Exchange Silver plans for non-payment of cost-sharing subsidies.
- Provider network, delivery system and utilization management adjustment
 - AultCare offers two networks.
- Adjustment for benefits in addition to the EHBs
 - Not applicable.
- Adjustment for distribution and administrative costs
 - This adjustment includes all administrative loads described in the “Non-Benefit Expenses and Profit and Risk” section, except for the Exchange User Fees and risk adjustment user fee, which are reflected in the Market Adjusted Index Rate.



- Impact of specific eligibility categories for the catastrophic plan
 - This adjustment removes the factor representing the need for young ages to subsidize older ages that is imposed on the non-catastrophic block by the standard 3:1 age factors.

The Plan Adjusted Index Rates reflect the average demographic characteristics of the single risk pool and therefore are not calibrated.

CALIBRATION

As shown on Exhibit 5, a single calibration factor is applied to the Plan Adjusted Index Rates to calibrate rates for the expected age, geographic, and tobacco distribution expected to enroll in the plan. The single calibration factor is applied uniformly across all plans.

Age Curve Calibration: In order to determine the calibration factor for age, the projected distribution of members by age was determined. The weighted average of the factors in the age curve was then calculated using this distribution. The average age was then determined by finding the age of a member that would have the closest factor to the weighted average age curve calibration factor. We also show the Plan Adjusted Index Rate calibrated to a 1.0 age 21 factor.

Per the 2018 Unified Rate Review instructions, we have applied of a factor of zero for children under age 21 over the three-dependent cap to account for the lost revenue due to the cap. This is shown as “Age Calibration Adjustment for 3+ Children” on Exhibit 5.

Geographic Factor Calibration: In order to determine the calibration factor for geography, the projected distribution of members by area was determined. The weighted average of the area factors was then determined using this distribution.

Tobacco Factor Calibration: In order to determine the calibration factor for tobacco, the percentage of members who report tobacco usage by age in 2016 was determined. This distribution was weighted against the tobacco factors by age (shown in Exhibit 1) in order to determine the calibration factor. These factors are applied only to members of legal tobacco using age.

CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

The Consumer Adjusted Premium Rate is the final premium rate for a plan that is charged to an individual or family utilizing the rating and premium adjustments as articulated in the applicable Market Reform Rating Rules. It is the product of the Calibrated Plan Adjusted Index Rate, the geographic rating factor, the age rating factor, and the tobacco status rating factor (if applicable). All rating factors are described below.

AultCare’s 2018 age, area, and tobacco rating factors are shown on Exhibit 1. The age rating factors used by AultCare are identical to those prescribed by HHS. Industry research



regarding tobacco use and differences in health costs for smokers by age was used as the basis of our tobacco adjustment factors.

The premium for family coverage is determined by summing the consumer adjusted premium rates for each individual family member, provided at most three child dependents under age 21 are taken into account.

Please see Exhibit 1 for an example of how to arrive at the rate for an age 21 tobacco user in Area 15.

AV METAL VALUES

The AV metal values were developed from the standard Actuarial Value calculator for all plans.

As noted in the “Unique Plan Design – Supporting Documentation and Justification” uploaded with the binder filing, the Silver 6850 and Silver 7350 plan designs (including with and without dental, and traditional and narrow network plans) include an Rx preferred brand tier benefit that is \$20 or 30% (whichever is greater), applied before the deductible. Since the 30% coinsurance is the more commonly applied benefit, we would normally enter 30% into the AVC. However, the AVC requires an equivalent copay when a coinsurance applies before the deductible. We therefore calculated the AV using an equivalent preferred brand copay in the AVC instead of 30% coinsurance. Since there is only space for one benefit in the Plan and Benefits Template (either \$20 or 30%), the 30% coinsurance benefit is shown (the more commonly applied benefit); while the detailed plan documents describe the detailed greater of \$20 or 30% benefit. We uploaded the Unique Plan Design justification to describe this disconnect between the AVC results and the Plan and Benefits Template.

AV PRICING VALUES

Exhibit 5 indicates the portion of the AV pricing 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).

The AV Pricing Values reflect the relative impact of the following items:

- > Each plan’s cost-sharing amounts, including a 20% load on Exchange Silver plans for non-payment of cost-sharing subsidies
- > The expected impact of each plan’s cost-sharing amounts on the member’s utilization of services, excluding expected differences in the morbidity of the members assumed to select the plan,
- > Each plan’s provider network, delivery system characteristics, and utilization management practices,
- > The cost expected to be recouped through the tobacco surcharge
- > For the Catastrophic plan only, the need for young ages to subsidize older ages that is imposed on the non-catastrophic block by the standard 3:1 age factors.
- > Administrative costs, excluding Exchange user fees.



MEMBERSHIP PROJECTIONS

The membership projections represent best estimate projections of enrollment developed by AultCare.

TERMINATED PRODUCTS (PLANS)

The following plans were active in the 2016 experience period, were terminated in 2017 or 2018, and were mapped into a new plan:

Product	HIOS Plan ID	2017 Plan Name	Mapped 2018 Plan Name	Mapped 2018 HIOS ID
AultCare Individual	21862OH0060079	AultCare Bronze Standard Select No Pediatric Dental	AultCare Bronze Standard Select No Pediatric Dental	21862OH0060080
Product	HIOS Plan ID	2016 Plan Name	Mapped 2018 Plan Name	Mapped 2018 HIOS ID
AultCare Individual	21862OH0060045	AultCare Silver 1400	AultCare Silver 3000	21862OH0060042
AultCare Individual	28162OH0060043	AultCare Silver 1500	AultCare Silver 2500	28162OH0060044
AultCare Individual	28162OH0060067	AultCare Silver 4750	AultCare Silver 6850	28162OH0060068
AultCare Individual	28162OH0060039	AultCare Bronze 4000	AultCare Bronze 5000	28162OH0060038
AultCare Individual	28162OH0060030	AultCare Silver 1400 Select	AultCare Silver 3000 Select	28162OH0060027
AultCare Individual	28162OH0060028	AultCare Silver 1500 Select	AultCare Silver 2500 Select	28162OH0060029
AultCare Individual	28162OH0060069	AultCare Silver 4750 Select	AultCare Silver 6850 Select	28162OH0060070
AultCare Individual	28162OH0060024	AultCare Bronze 4000 Select	AultCare Bronze 5000 Select	28162OH0060023
AultCare Individual	28162OH0060015	AultCare Silver 1400 No Pediatric Dental	AultCare Silver 3000 No Pediatric Dental	28162OH0060012
AultCare Individual	28162OH0060013	AultCare Silver 1500 No Pediatric Dental	AultCare Silver 2500 No Pediatric Dental	28162OH0060014
AultCare Individual	28162OH0060071	AultCare Silver 4750 No Pediatric Dental	AultCare Silver 6850 No Pediatric Dental	28162OH0060072
AultCare Individual	28162OH0060009	AultCare Bronze 4000 No Pediatric Dental	AultCare Bronze 5000 No Pediatric Dental	28162OH0060008
AultCare Individual	28162OH0060057	AultCare Silver 1400 Select No Pediatric Dental	AultCare Silver 3000 Select No Pediatric Dental	28162OH0060060
AultCare Individual	28162OH0060059	AultCare Silver 1500 Select No Pediatric Dental	AultCare Silver 2500 Select No Pediatric Dental	28162OH0060058
AultCare Individual	28162OH0060073	AultCare Silver 4750 Select No Pediatric Dental	AultCare Silver 6850 Select No Pediatric Dental	28162OH0060074
AultCare Individual	28162OH0060063	AultCare Bronze 4000 Select No Pediatric Dental	AultCare Bronze 5000 Select No Pediatric Dental	28162OH0060064

**PLAN TYPE**

All plans reflected in this filing are PPO plans.

WARNING ALERTS

No warning alerts appear on the URRT.

RELIANCE

In the preparation of this filing, we relied upon data provided by AultCare, under the supervision of Kevin Harvey and other AultCare employees. We performed general reasonableness checks, but have not audited the data and have relied upon its accuracy. To the extent that the underlying data is inaccurate, this filing may also be inaccurate. Actual results will vary from those projected in the filing.

A data reliance letter is attached to this memorandum.



Ohio Health Insurance Rate Filing Checklist

ACTUARIAL CERTIFICATION

I, John Pickering, a consulting actuary with Milliman, Inc. working for AultCare Health Plan, am a Member of the American Academy of Actuaries and meet its qualification standards for preparing premium rate filings for Insurers. This Actuarial Certification applies to:

AultCare's Individual 2018 Products: AultCare Individual

1. The premium rates filed are in compliance with the applicable laws, rules and guidelines of the State of Ohio.
2. The premium rates filed are reasonable in relation to the benefits provided and are not excessive, inadequate, or unfairly discriminatory.
3. The premium rates are calculated on the basis of sound actuarial principles.
4. The premium rates are reasonable when related to the applicable coverage and characteristics of the applicable class of enrollees.
5. The premium rates filed are prepared in conformity with the Actuarial Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board that are checked below:

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 Plan Entities
- 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. ___ - Other Appropriate Standards of Practice as adopted by the Actuarial Standards Board.

John M Pickering, FSA, MAAA

Name of Actuary & Professional Designation

206.504.5884

Telephone Number of Actuary

Signature of Actuary

**Exhibit 1
AultCare Insurance Company - 2018 Individual Rate Filing
Rates and Rating Factors**

Premium:
Plan specific rate x federal age factor x area factor x tobacco factor (limited to three children per family contract)

Age and Tobacco Factors			
Age	Federal	Tobacco Factors	
	Age Factor	Tobacco User	Non-User
0-14	0.765	1.000	1.000
15	0.833	1.000	1.000
16	0.859	1.000	1.000
17	0.885	1.000	1.000
18	0.913	1.050	1.000
19	0.941	1.050	1.000
20	0.970	1.050	1.000
21	1.000	1.050	1.000
22	1.000	1.050	1.000
23	1.000	1.050	1.000
24	1.000	1.050	1.000
25	1.004	1.050	1.000
26	1.024	1.050	1.000
27	1.048	1.050	1.000
28	1.087	1.050	1.000
29	1.119	1.050	1.000
30	1.135	1.060	1.000
31	1.159	1.070	1.000
32	1.183	1.080	1.000
33	1.198	1.090	1.000
34	1.214	1.100	1.000
35	1.222	1.110	1.000
36	1.230	1.120	1.000
37	1.238	1.130	1.000
38	1.246	1.140	1.000
39	1.262	1.150	1.000
40	1.278	1.160	1.000
41	1.302	1.160	1.000
42	1.325	1.170	1.000
43	1.357	1.170	1.000
44	1.397	1.180	1.000
45	1.444	1.180	1.000
46	1.500	1.180	1.000
47	1.563	1.180	1.000
48	1.635	1.180	1.000
49	1.706	1.180	1.000
50	1.786	1.180	1.000
51	1.865	1.180	1.000
52	1.952	1.180	1.000
53	2.040	1.180	1.000
54	2.135	1.180	1.000
55	2.230	1.180	1.000
56	2.333	1.180	1.000
57	2.437	1.180	1.000
58	2.548	1.180	1.000
59	2.603	1.180	1.000
60	2.714	1.180	1.000
61	2.810	1.180	1.000
62	2.873	1.180	1.000
63	2.952	1.180	1.000

Plan Specific Rates - Reflects 1.000 Rating Factor				
Plan Name	Traditional Network		Narrow Network	
	Without	With	Without	With
	Pediatric Dental	Pediatric Dental	Pediatric Dental	Pediatric Dental
AultCare Gold 350	570.91	573.56	\$464.16	\$466.31
AultCare Gold 750	551.65	554.12	448.49	450.50
AultCare Gold 1200	553.34	555.74	449.87	451.82
AultCare Silver 2500	537.80	540.36	437.24	439.32
AultCare Silver 3000	527.12	529.71	428.55	430.66
AultCare Silver 5000	488.28	490.69	396.97	398.94
AultCare Silver 4999	406.90	408.91	330.81	332.45
AultCare Silver 6850	425.35	427.52	345.81	347.58
AultCare Silver 6849	354.45	356.27	288.17	289.65
AultCare Silver 7350	395.84	397.88	321.82	323.48
AultCare Bronze 5000	337.69	339.43	274.55	275.96
AultCare Bronze 6000	327.99	329.61	266.66	267.98
AultCare Bronze 6550	322.54	324.11	262.23	263.50
AultCare Bronze 7350	303.83	305.30	247.02	248.21
AultCare Bronze Standard			286.48	
AultCare Catastrophic	241.61	242.76	196.43	197.36

Area Factors	
Area 15: Stark and Carroll Counties	0.94
Area 16: Tuscarawas, all Area 16 counties	1.00
Area 14: Wayne and Holmes Counties	1.00
All Other Ohio Areas	1.30

Rating Example	
Plan Characteristics: AultCare Gold 1200, Narrow network, No Pediatric Dental	
Case Characteristics: Age 21, Stark County, Tobacco User	
Rate Calculation:	
AultCare Gold 1200, Narrow network, No Pediatric Dental	\$449.87
x Age Factor	1.000
x Area Factor	0.940
x Tobacco Factor	1.050
Premium =	\$444.02