

# CONFIDENTIAL

## BLUE CROSS AND BLUE SHIELD OF KANSAS 2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING ACTUARIAL MEMORANDUM

All referenced exhibits may be found at the end of this memorandum, in Section 20.

### 1 General information

This section includes general information about the policies covered by this memorandum.

#### 1.1 *Scope and purpose*

The purpose of this memorandum is to certify that the rates for the Individual Market health plans of Blue Cross and Blue Shield of Kansas, Inc. (BCBSKS) are calculated according to the applicable Actuarial Standards of Practice, are uniformly applied according to Kansas law, comply with all provisions of and regulations pertaining to the Patient Protection and Affordable Care Act (PPACA) of 2010, and are not excessive in relation to benefits. This memorandum is not to be used for any other purpose.

#### 1.2 *Company identifying information*

- **Company legal name:** Blue Cross and Blue Shield of Kansas, Inc.
- **State with regulatory authority:** Kansas
- **HIOS Issuer ID:** 18558
- **Market:** Individual
- **Effective date:** January 1, 2017

#### 1.3 *Company contact information*

- **Primary contact name:** Jason R. Dunavin, F.S.A, M.A.A.A.

#### 1.4 *State-required information*

This section provides information that is required by the Kansas Insurance Department but not incorporated into the HHS Part III Actuarial Memorandum. All references to Kansas State law apply, except to the extent pre-empted by federal law.

The rates are for medical and prescription drug expense coverage on a direct-enrolled (non-group) basis.

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All individual plans are conditionally renewable. A policy may be terminated for non-payment of premium, material misrepresentation on the application, non-compliance with contract provisions, withdrawal of the company from the individual market or type of coverage with notification, or if the insured moves out of the service area.

We do not make any assumptions for mortality or persistency of insured members.

Applicants are solicited by direct marketing (or by web through the market place). Enrollment can be concluded by phone or in person by a BCBSKS agent (or by web through the market place).

BCBSKS does not intend to use agents or brokers to sell this business, so our rates do not include commissions.

Rates are based on the attained ages of the members covered by the contract at the time of sale, renewal, or addition to the policy.

Premiums may be billed monthly, quarterly, semi-annually, and annually; however, there are no premium modalization adjustments.

There are no active life reserves.

The medical loss ratio for all BCBSKS Individual business in 2015 was 105.8% as reported on the MLR Supplemental Health Care Exhibit.

Blue Cross and Blue Shield of Kansas had a Policyholder's Surplus of \$686,581,990 at the end of 2015 and a Risk Based Capital ratio of 860.1%.

Rating factors used to produce rates are shown in section 16.

Out-of-network benefits were calculated to have an Actuarial Value within 30% of the in-network benefits.

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### 2 Proposed Rate Increase

The composite rate increase is 33.39%. Exhibit 12c compares 2017 rates to 2016 rates. The 2016 calibrated rates are taken directly from the 2016 filing. The 2017 calibrated rates are calculated as the 2017 plan adjusted index rates multiplied by the 2017 age calibration and area calibration factors, all of which are shown on Exhibit 12b. The rate increases by plan are calculated by comparing these two rates, and reflects the true increase in premium given to people on these plans (since the age factors and area factors used for rating did not change). These are shown on Exhibit 12c and on worksheet 2 of the URRT. The process used to develop these rates is the one outlined in Part III of the URR instructions.

Primary drivers of the increase are:

- The experience of the individual metallic block was 43.1% more adverse than expected.
- The medical trend impact was 5.6%.
- Termination of the Transitional Reinsurance program has an expected impact of 5.7%.
- The expected migration due to metal plan terminations and reformation of the transitional block is expected to have a -16.5% impact.

The rate changes by plan are reported in the URRT.

### 3 Experience Period Premium and Claims

The experience period for both premium and claims is the calendar year 2015. Claims are as paid through February 29, 2016. Data from both the 2015 metallic plans and the 2015 transitional First Choice block (excluding experience from the Basic Blue and Value Blue products) were used. Claims for adult eye exams, which are explicitly named by PPACA as not being an essential health benefit, are excluded from transitional experience.

#### 3.1 Premium

The premiums shown in Section I of Worksheet 1 of the Unified Rate Review Template (URRT) were all obtained directly from the BCBSKS data warehouse. No adjustments were made to premiums. BCBSKS was not required to issue rebates during 2015.

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### 3.2 *Allowed and incurred claims*

The following tables show the breakdown of the claims reported on the URRT, Worksheet 1, Section 1. The amounts reported are the sum of the metallic and transitional blocks.

Incurring claims in experience period	\$181,626,422
Incurring claims processed in BCBSKS systems	\$181,626,422
Incurring claims processed outside BCBSKS systems	\$0
Incurring claims IBNP estimate	\$3,575,182
INCURRED CLAIMS TOTAL	\$185,201,604
Allowed charges in experience period	\$226,528,840
Allowed charges processed in BCBSKS systems	\$226,528,840
Allowed charges processed outside BCBSKS systems	\$0
Allowed charges IBNP estimate	\$3,914,046
ALLOWED CHARGES TOTAL	\$230,442,886

There were no claims processed outside of the BCBSKS systems.

### 3.3 *Description of IBNP method*

The IBNP development begins with the claims payment lag tables. In addition to the claims data, we also pull in enrollment data. The reserve estimate is calculated by using a completion factor and a pure premium projection method.

BCBSKS uses a multiplicative completion factor method. This process assumes claims incurred in a given month reflect payment patterns that have occurred in recent months.

Once the initial unpaid claims liability is calculated, various supporting exhibits are produced and reserve testing is done. At this time, any recommended deviations are determined. Some of the items we consider during this process are:

- Changes in claims payment patterns
- Changes in backlog or inventory
- Significant changes in enrollment or shifts in benefits
- Large claims
- Changes in network arrangements or in fee schedule
- The number of business days in the month

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- Changes in medical review
- Comparison of calculated factors to what was used in prior months to see if the factors are significantly higher or lower than normal
- Adjudication system issues
- Legislative or regulatory changes
- Seasonal influences such as epidemics, deductible application, etc.

The Chief Actuary uses this initial liability estimate and the staff reviews to ultimately determine the completion factors used to develop the unpaid claims liability. While this liability includes a provision for adverse deviation, this provision for adverse deviation is not used for rating purposes.

We perform the above development process for inpatient and outpatient (institutional) claims combined, professional claims, dental claims, pharmacy-submitted drug claims, and subscriber-submitted drug claims, separately for each block of business (large group, small group, individual).

We develop IBNP estimates separately for the metallic and transitional experience. This is because almost all drug claims in the transitional experience are submitted by the members and thus complete more slowly. For the transitional block IBNP we used our existing First Choice data. For the metallic block we used our metallic book of business. The factors are shown in Exhibit 3.

### 4 Benefit Categories

Based on the type of health claim form submitted, claims are assigned as Institutional or Professional. Institutional claims are then assigned to inpatient or outpatient based on the place of service code or type of bill code that is on the claim. Professional claims are separated into the "Benefit Category" of Professional and Other Medical based on Current Procedure Terminology (CPT) codes and type of service that is on the claim. For prescription drugs claims, we either rely on data submitted by our pharmacy benefits manager or we rely on CPT codes, National Drug Codes (NDC), and the type of service that is noted on the claim.

For the purpose of reporting on the URRT, utilization data is shown as follows:

- **Inpatient:** Admissions per 1,000 members per month
- **Outpatient:** Visits per 1,000 members per month
- **Professional:** Visits per 1,000 members per month
- **Other medical:** Services per 1,000 members per month
- **Prescription drug:** Prescriptions per 1,000 members per month

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### 5 Projection factors

[REDACTED]

#### 5.1 *Changes in morbidity of population*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

***5.2 Benefit changes***

[REDACTED]

[REDACTED]

[REDACTED]

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*5.3 Demographic shifts*

[REDACTED]

*5.4 Other adjustments*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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*5.5 Trend factors*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*5.6 Summary of factors*

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### 6 Credibility Manual Rate Development

No credibility manual rate was used in the development of the index rates described in section 12, as the historical experience of BCBSKS is fully credible.

### 7 Credibility of Experience

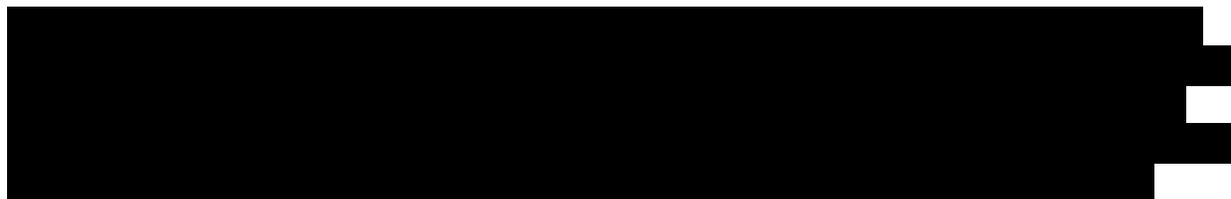
The experience BCBSKS is required to use to develop the rate is 100% credible. This is based on the Company's current credibility standard.

### 8 Paid-to-Allowed Ratio

Using the membership by plan and pricing actuarial values we calculated a total average paid-to-allowed ratio of 64.1%. This is calculated by taking a weighted average of the 2017 benefit factors, with the weights being projected member months by plan. Both the benefit factors and projected member months are shown on Worksheet 2 of the URRT.

### 9 Risk Adjustment and Reinsurance

#### 9.1 *Projected risk adjustments*



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[REDACTED]

[REDACTED]

### *9.2 Projected reinsurance recoveries*

2016 was the last year of the program, so there will be no Transitional Reinsurance recoveries in 2017.

## **10 Non-Benefit Expenses, Profit, and Risk**

### *10.1 Administrative expense*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

***10.2 Contribution to surplus***

[REDACTED]

***10.3 Taxes and fees***

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

### 11 Projected loss ratio

The projected HHS Medical Loss Ratio for this rate filing is 89.7%.

### 12 Index Rate

The term "index rate", as used in the Part III Actuarial memorandum instructions, is defined in 45 CFR 156.80(d)(1). The index rate used for 2017 individual business is \$664.21. Its development is shown in exhibit 12.

As described in Section 5.1, this is a weighted average based on the expected resulting mix of business: 90% from the metallic block, 10% from the transitional block.

#### *12.1 Market adjusted index rate*

[REDACTED]

[REDACTED]

#### *12.2 Plan adjusted index rate*

[REDACTED]

[REDACTED]

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### *12.3 Calibration*

[REDACTED]

#### **12.3.1 Age calibration**

[REDACTED]

#### **12.3.2 Geographic factor calibration**

[REDACTED]

### *12.4 Consumer adjusted premium rates*

[REDACTED]

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[REDACTED]

**13 Actuarial Value (AV) and Metal Values**

[REDACTED]

[REDACTED]

***13.1 Deviations from AVC***

[REDACTED]

***13.2 Actuarial values for pricing***

[REDACTED]

[REDACTED]

[REDACTED]

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### *13.3 Plan changes*



### **14 Membership Projections**



### **15 URRT Warning Alerts**

#### *15.1 Worksheet 1*

There were two warnings:

- "WARNING - Wksh 1 - Market Experience Total PMPM (Cell H30) is not equal to Allowed Claims (Cell G16)" – Some transitional members in the experience period did not have drug coverage, so cell G16 is calculated incorrectly by the template, whereas figures that feed cell H30 are calculated correctly. Also, cell H30 is required to contain formulary rebates, whereas cell G16 does not.

#### *15.2 Worksheet 2*

There were two warnings on Worksheet 2.

- The values in rows 55 and 57 are calculated using filed 2015 plan adjusted index rates, which do not reflect the mix of business actually enrolled during 2015. The metallic block was approximately 4 years older than projected. The URRT also does not properly account for enrolling tobacco users.
- The warning in row 68 is erroneous – it results from comparing two numbers which are not comparable, as one contains the effects of risk adjustment and transitional reinsurance and the other does not.

#### *15.3 CSR estimates*

As there are no Exchange plans in the projected period, the expected amount of CSR reimbursement on line 92 is \$0.

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**16 Allowable rating factors**

[Redacted text block]

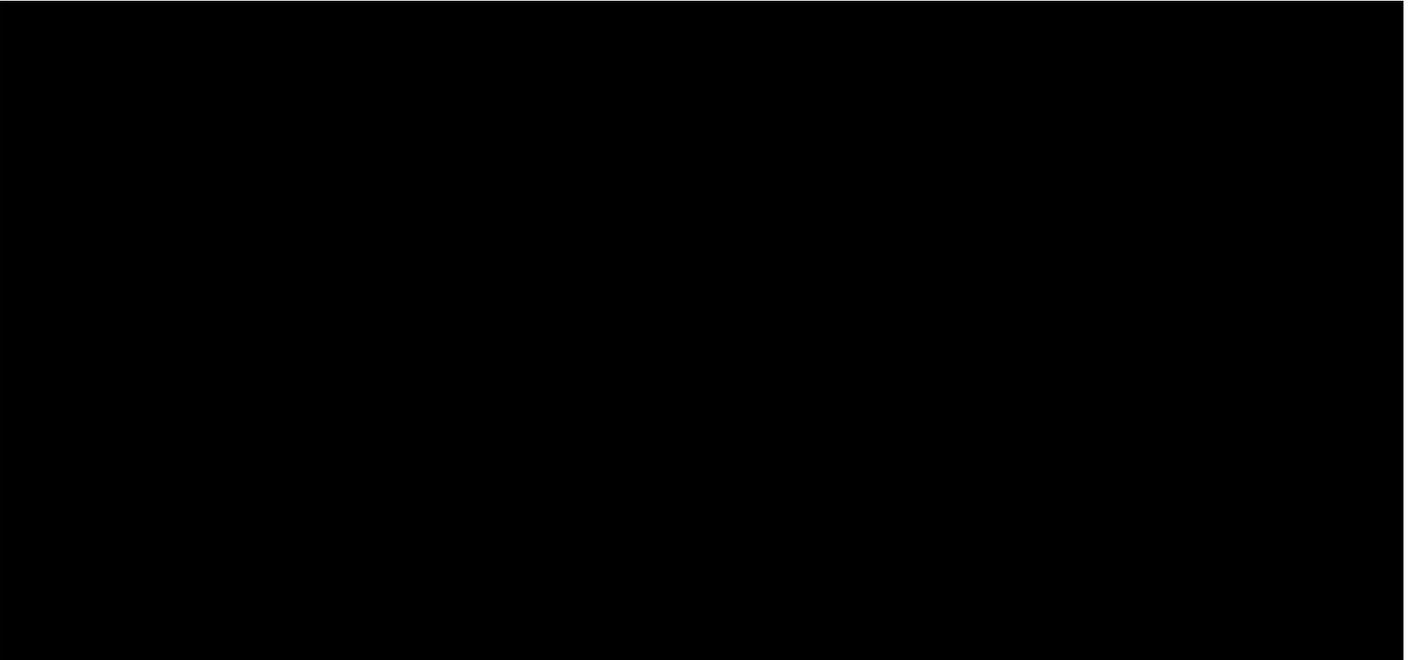
**17 Terminated plans and products**

[Redacted text block]

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**18 Reliance**



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### 19 Actuarial certification

I, Jason R. Dunavin, F.S.A., M.A.A.A., am an Actuary in the Actuarial Research Department of Blue Cross and Blue Shield of Kansas, Inc. I am a member of the American Academy of Actuaries and meet the qualification standards of the Academy to render the actuarial opinion contained herein. I certify, to the best of my knowledge and judgment that the projected index rate is:

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

I further certify that:

- 1) 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 level rates,
- 2) The total premium that represents essential health benefits included in Worksheet 2, Sections III and IV of the Part I Unified Rate Review Template was calculated in accordance with Actuarial Standards of Practice,
- 3) The HHS AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Unified Rate Review Template for all plans.

This opinion is qualified as follows: the Part I Unified Rate Review Template does not demonstrate the process used by BCBSKS to develop the rates. Instead, it represents information required by Federal regulation to be provided in support of the review of rate increases, and the index rate is developed in accordance with Federal regulation, used consistently, and only adjusted by the allowable modifiers.



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Jason R. Dunavin, F.S.A., M.A.A.A.  
Associate Actuary I  
Blue Cross and Blue Shield of Kansas  
May 2, 2016

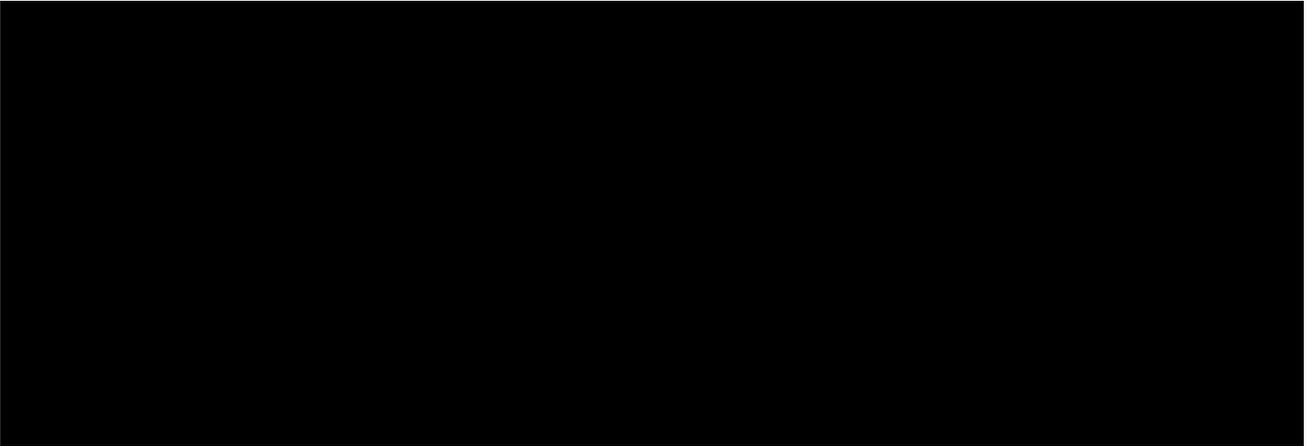
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## 20 Appendices

### *20.1 List of exhibits*

- **Exhibit 3:** Incurred but not reported claims factors for both allowed charges and paid claims



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Exhibit 3

Page 1

IBNP factors used for 2017 rating

05/02/2016

Based on claims incurred 1/1/2015 - 12/31/2015 as paid through 2/29/2016

Based on BCBSKS First Choice block of business

For use with transitional plan experience

## Institutional - IBNP factors based on allowed charges

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	5,813,566.60	5,825,207.10	1.0020
Feb-15	5,074,859.66	5,087,189.80	1.0024
Mar-15	5,258,330.18	5,277,037.58	1.0036
Apr-15	4,471,915.88	4,488,952.02	1.0038
May-15	5,073,053.90	5,094,213.88	1.0042
Jun-15	4,992,072.88	5,023,418.75	1.0063
Jul-15	4,952,544.40	4,993,357.20	1.0082
Aug-15	4,203,256.71	4,244,175.10	1.0097
Sep-15	4,034,472.94	4,100,223.68	1.0163
Oct-15	4,292,120.89	4,430,793.00	1.0323
Nov-15	4,675,544.69	4,832,345.40	1.0335
Dec-15	4,446,452.41	4,815,602.91	1.0830
12-month period	57,288,191.14	58,212,516.42	1.0161

## Professional - IBNP factors based on allowed charges

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	4,205,930.60	4,212,302.16	1.0015
Feb-15	3,882,913.25	3,893,464.68	1.0027
Mar-15	4,102,284.63	4,120,159.46	1.0044
Apr-15	3,918,623.96	3,944,260.95	1.0065
May-15	3,547,978.24	3,578,490.65	1.0086
Jun-15	3,897,857.66	3,942,356.25	1.0114
Jul-15	4,042,019.90	4,106,215.60	1.0159
Aug-15	3,893,018.97	3,969,437.20	1.0196
Sep-15	3,646,389.14	3,745,854.00	1.0273
Oct-15	3,910,008.34	4,043,465.40	1.0341
Nov-15	3,496,382.17	3,668,281.92	1.0492
Dec-15	4,025,734.75	4,301,892.63	1.0686
12-month period	46,569,141.61	47,526,180.90	1.0206

## Drug - IBNP factors based on allowed charges

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	315,103.99	319,059.03	1.0126
Feb-15	267,158.64	273,848.95	1.0250
Mar-15	264,294.22	275,459.04	1.0422
Apr-15	272,246.42	289,904.98	1.0649
May-15	295,050.84	321,144.96	1.0884
Jun-15	279,814.92	307,883.81	1.1003
Jul-15	263,025.21	300,380.56	1.1420
Aug-15	223,129.29	264,206.03	1.1841
Sep-15	216,047.56	266,345.25	1.2328
Oct-15	214,064.03	273,315.48	1.2768
Nov-15	204,931.10	275,192.72	1.3429
Dec-15	189,514.35	285,765.57	1.5079
12-month period	3,004,380.57	3,452,506.38	1.1492

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Exhibit 3

Page 2

IBNP factors used for 2017 rating

05/02/2016

Based on claims incurred 1/1/2015 - 12/31/2015 as paid through 2/29/2016

Based on BCBSKS First Choice block of business

For use with transitional plan experience

## Institutional - IBNP factors based on paid claims

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	4,949,267.22	4,960,287.24	1.0022
Feb-15	4,359,566.20	4,370,761.36	1.0026
Mar-15	4,615,130.99	4,632,230.58	1.0037
Apr-15	3,894,959.25	3,910,626.51	1.0040
May-15	4,582,984.27	4,603,696.56	1.0045
Jun-15	4,465,113.43	4,495,443.75	1.0068
Jul-15	4,471,447.73	4,511,558.00	1.0090
Aug-15	3,801,568.35	3,841,226.18	1.0104
Sep-15	3,649,137.82	3,712,557.52	1.0174
Oct-15	3,918,836.58	4,057,843.47	1.0355
Nov-15	4,316,392.51	4,473,479.10	1.0364
Dec-15	4,054,887.31	4,421,126.28	1.0903
12-month period	51,079,291.66	51,990,836.55	1.0178

## Professional - IBNP factors based on paid claims

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	2,672,838.42	2,677,574.58	1.0018
Feb-15	2,645,386.90	2,653,331.24	1.0030
Mar-15	2,994,438.21	3,009,833.26	1.0051
Apr-15	2,931,887.28	2,953,913.55	1.0075
May-15	2,690,578.42	2,716,996.44	1.0098
Jun-15	3,035,611.67	3,078,425.00	1.0141
Jul-15	3,203,298.85	3,265,494.20	1.0194
Aug-15	3,101,416.26	3,175,249.50	1.0238
Sep-15	2,963,958.05	3,058,222.23	1.0318
Oct-15	3,245,916.55	3,372,390.99	1.0390
Nov-15	2,903,269.49	3,065,619.00	1.0559
Dec-15	3,372,943.43	3,631,023.78	1.0765
12-month period	35,761,543.53	36,658,073.77	1.0251

## Drug - IBNP factors based on paid claims

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	149,311.52	150,715.12	1.0094
Feb-15	132,144.13	134,581.49	1.0184
Mar-15	144,118.12	148,880.04	1.0330
Apr-15	160,933.20	169,106.27	1.0508
May-15	165,090.69	176,542.02	1.0694
Jun-15	155,369.57	167,746.62	1.0797
Jul-15	155,298.96	171,724.28	1.1058
Aug-15	129,310.47	147,272.48	1.1389
Sep-15	124,636.37	146,763.52	1.1775
Oct-15	126,909.40	153,575.40	1.2101
Nov-15	123,824.75	155,986.54	1.2597
Dec-15	109,925.05	154,776.51	1.4080
12-month period	1,676,872.23	1,877,670.29	1.1197

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Exhibit 3

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IBNP factors used for 2017 rating

05/02/2016

Based on claims incurred 1/1/2015 - 12/31/2015 as paid through 2/29/2016

Based on BCBSKS individual metallic book of business

For use with metallic plan experience

## Institutional - IBNP factors based on allowed charges

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	6,799,303.97	6,820,389.81	1.0031
Feb-15	6,990,481.02	7,013,827.78	1.0033
Mar-15	7,360,228.76	7,386,603.66	1.0036
Apr-15	8,430,567.93	8,462,608.96	1.0038
May-15	8,337,301.31	8,402,324.97	1.0078
Jun-15	8,661,423.49	8,740,145.51	1.0091
Jul-15	7,370,488.47	7,430,819.50	1.0082
Aug-15	8,346,013.77	8,431,950.20	1.0103
Sep-15	7,209,868.03	7,326,563.96	1.0162
Oct-15	8,447,590.97	8,729,867.32	1.0334
Nov-15	8,625,052.51	9,202,230.38	1.0669
Dec-15	6,975,834.20	7,953,848.67	1.1402
12-month period	93,554,154.43	95,901,180.73	1.0251

## Professional - IBNP factors based on allowed charges

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	4,585,002.25	4,593,382.43	1.0018
Feb-15	4,424,785.23	4,436,027.62	1.0025
Mar-15	5,436,415.23	5,453,794.34	1.0032
Apr-15	5,678,002.53	5,698,787.28	1.0037
May-15	5,166,780.60	5,194,239.61	1.0053
Jun-15	5,444,317.50	5,481,838.49	1.0069
Jul-15	5,875,526.60	5,927,045.29	1.0088
Aug-15	5,395,494.77	5,458,546.38	1.0117
Sep-15	5,399,055.41	5,491,556.03	1.0171
Oct-15	5,712,465.74	5,848,070.29	1.0237
Nov-15	5,291,861.43	5,526,203.30	1.0443
Dec-15	5,646,633.51	6,037,144.12	1.0692
12-month period	64,056,340.80	65,146,635.17	1.0170

## Drug - IBNP factors based on allowed charges

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	3,441,918.09	3,442,179.49	1.0001
Feb-15	3,371,102.81	3,371,643.81	1.0002
Mar-15	4,210,144.72	4,211,865.86	1.0004
Apr-15	4,168,968.29	4,170,595.16	1.0004
May-15	4,030,302.43	4,032,407.91	1.0005
Jun-15	4,473,095.41	4,475,485.71	1.0005
Jul-15	4,647,385.72	4,652,197.27	1.0010
Aug-15	4,418,293.71	4,423,206.19	1.0011
Sep-15	4,444,487.48	4,450,784.37	1.0014
Oct-15	4,821,422.03	4,829,251.51	1.0016
Nov-15	4,585,094.95	4,593,269.93	1.0018
Dec-15	5,075,496.44	5,094,564.27	1.0038
12-month period	51,687,712.08	51,747,451.49	1.0012

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Exhibit 3

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IBNP factors used for 2017 rating

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Based on claims incurred 1/1/2015 - 12/31/2015 as paid through 2/29/2016

Based on BCBSKS individual metallic book of business

For use with metallic plan experience

## Institutional - IBNP factors based on paid claims

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	5,511,156.36	5,530,467.47	1.0035
Feb-15	5,931,376.68	5,953,956.22	1.0038
Mar-15	6,219,408.71	6,246,095.13	1.0043
Apr-15	7,409,258.74	7,443,238.29	1.0046
May-15	7,389,350.32	7,456,686.01	1.0091
Jun-15	7,774,278.41	7,859,353.11	1.0109
Jul-15	6,514,388.45	6,578,513.66	1.0098
Aug-15	7,593,477.43	7,683,228.58	1.0118
Sep-15	6,473,831.97	6,592,085.99	1.0183
Oct-15	7,704,028.29	7,990,050.73	1.0371
Nov-15	7,961,663.76	8,549,852.09	1.0739
Dec-15	6,255,114.49	7,239,145.44	1.1573
12-month period	82,737,333.61	85,122,672.72	1.0288

## Professional - IBNP factors based on paid claims

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	2,987,827.31	2,994,638.77	1.0023
Feb-15	3,099,241.05	3,108,114.08	1.0029
Mar-15	3,914,970.90	3,929,883.02	1.0038
Apr-15	4,284,280.05	4,302,909.05	1.0043
May-15	3,938,672.93	3,962,767.20	1.0061
Jun-15	4,247,283.71	4,282,894.71	1.0084
Jul-15	4,758,119.33	4,807,070.81	1.0103
Aug-15	4,368,159.40	4,427,385.58	1.0136
Sep-15	4,419,968.49	4,508,271.16	1.0200
Oct-15	4,734,169.40	4,866,089.16	1.0279
Nov-15	4,412,974.04	4,640,218.13	1.0515
Dec-15	4,762,219.63	5,131,961.25	1.0776
12-month period	49,927,886.24	50,962,202.93	1.0207

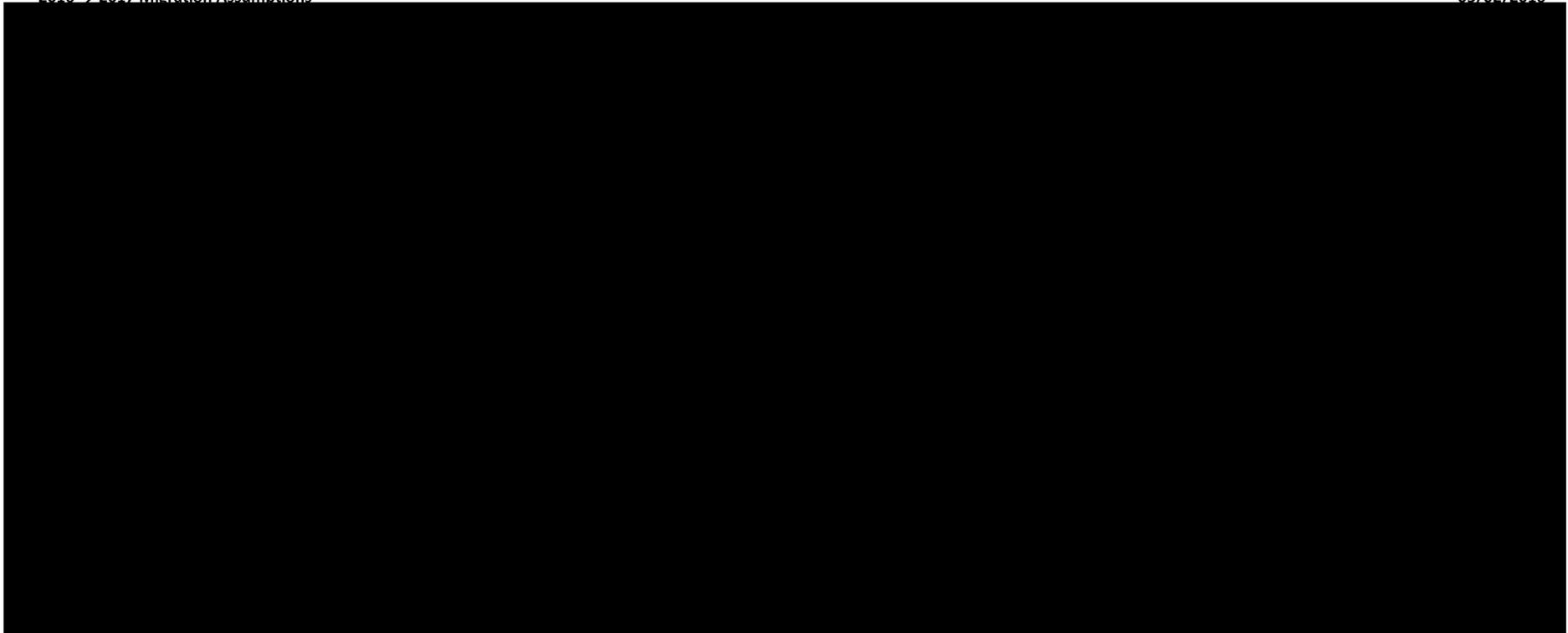
## Drug - IBNP factors based on paid claims

Incurred month	Incurred and paid	Fully incurred	IBNP factor
Jan-15	2,502,940.40	2,503,218.13	1.0001
Feb-15	2,783,239.88	2,783,863.12	1.0002
Mar-15	3,599,051.88	3,600,551.50	1.0004
Apr-15	3,680,705.88	3,682,421.30	1.0005
May-15	3,566,545.30	3,569,133.43	1.0007
Jun-15	4,032,690.56	4,035,357.32	1.0007
Jul-15	4,258,363.44	4,263,646.03	1.0012
Aug-15	4,040,483.70	4,046,382.11	1.0015
Sep-15	4,096,721.85	4,104,225.46	1.0018
Oct-15	4,473,588.20	4,482,638.19	1.0020
Nov-15	4,275,259.93	4,284,566.49	1.0022
Dec-15	4,757,575.55	4,778,116.54	1.0043
12-month period	46,067,166.57	46,134,119.62	1.0015

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Exhibit 5.1  
2016 → 2017 Migration Assumptions

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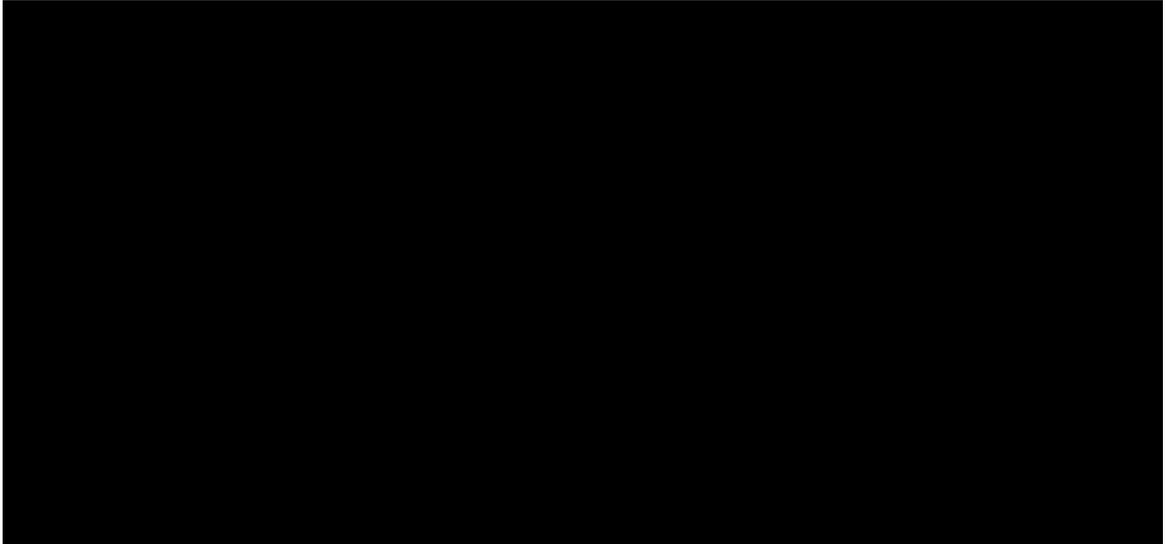
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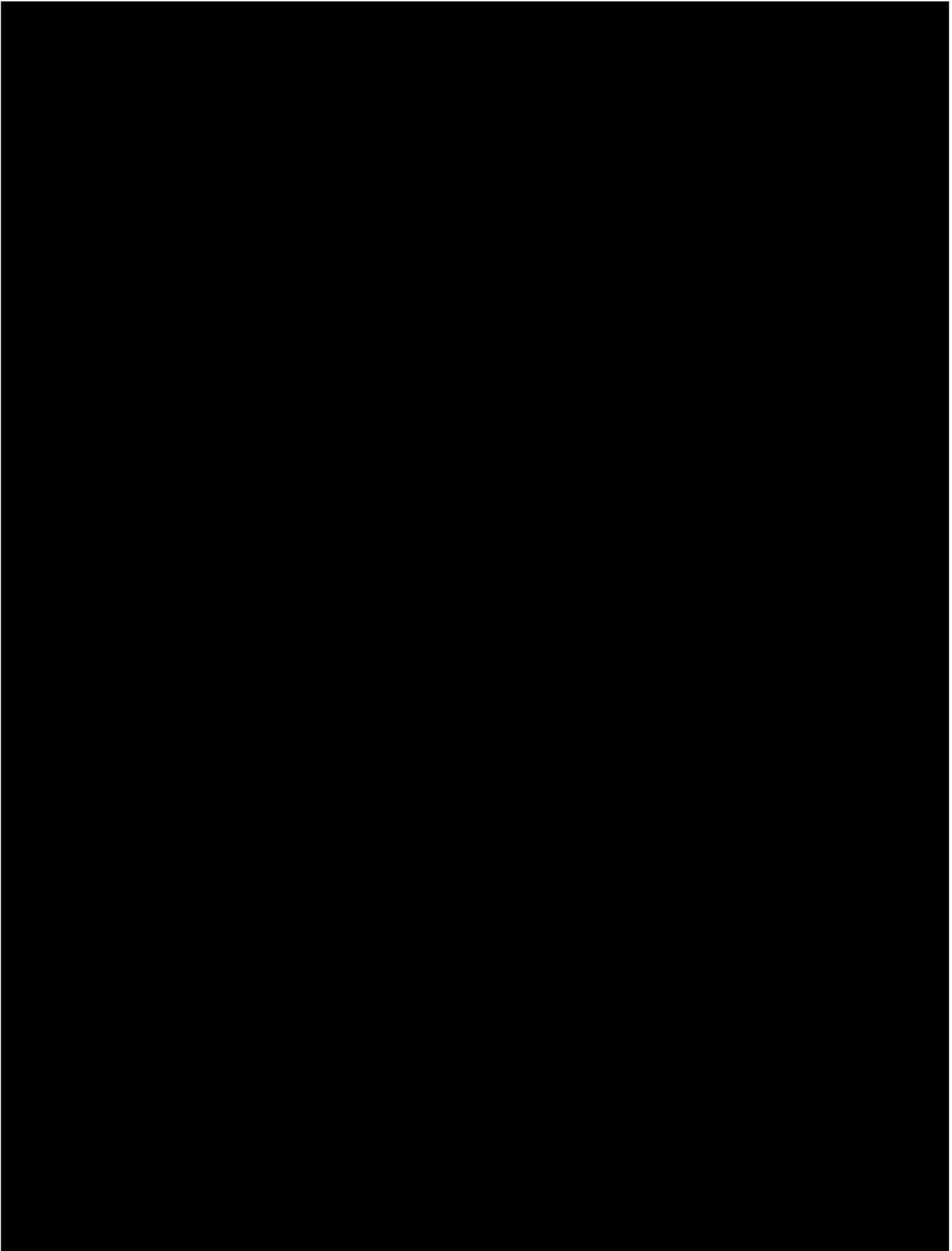
**Exhibit 5.2**

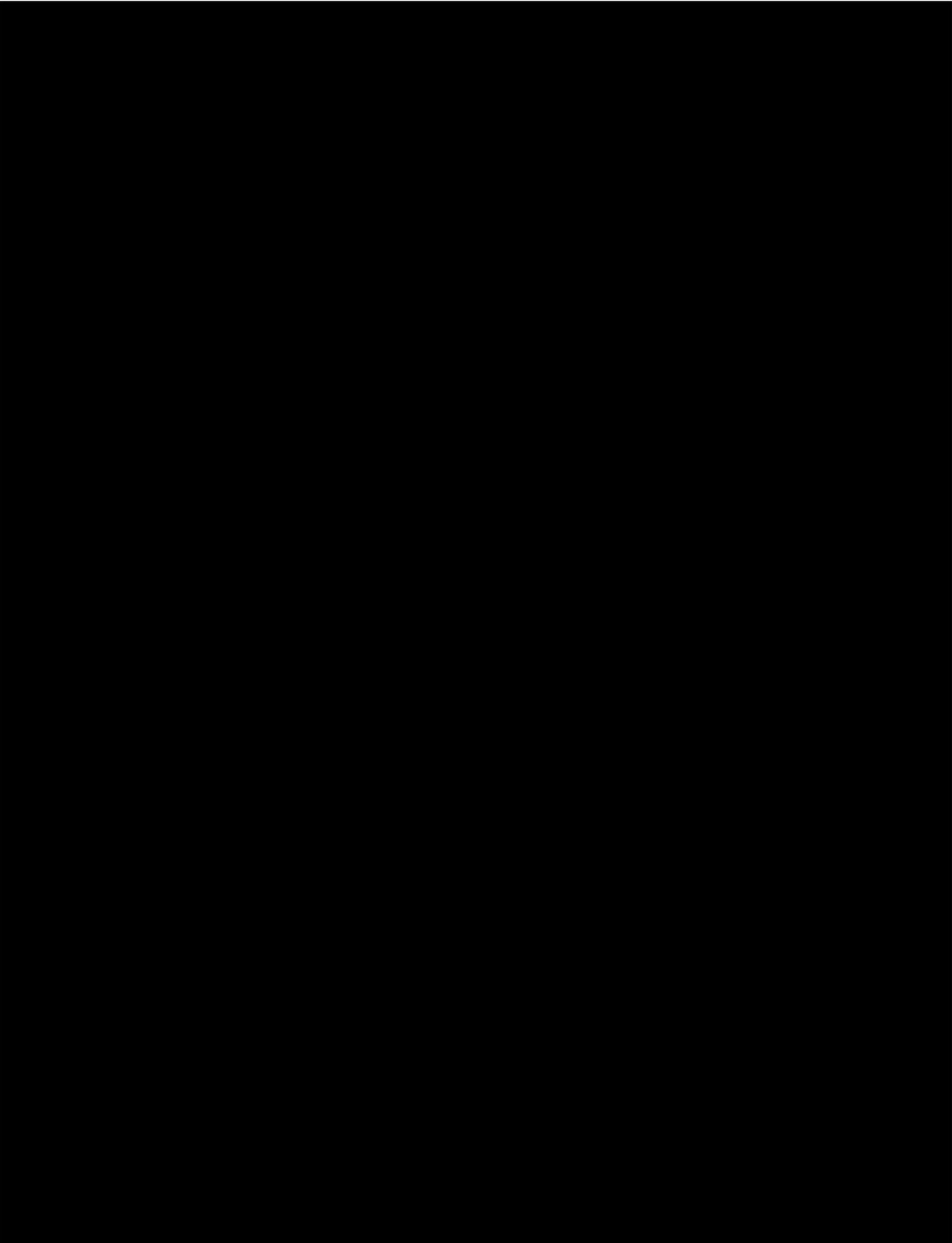
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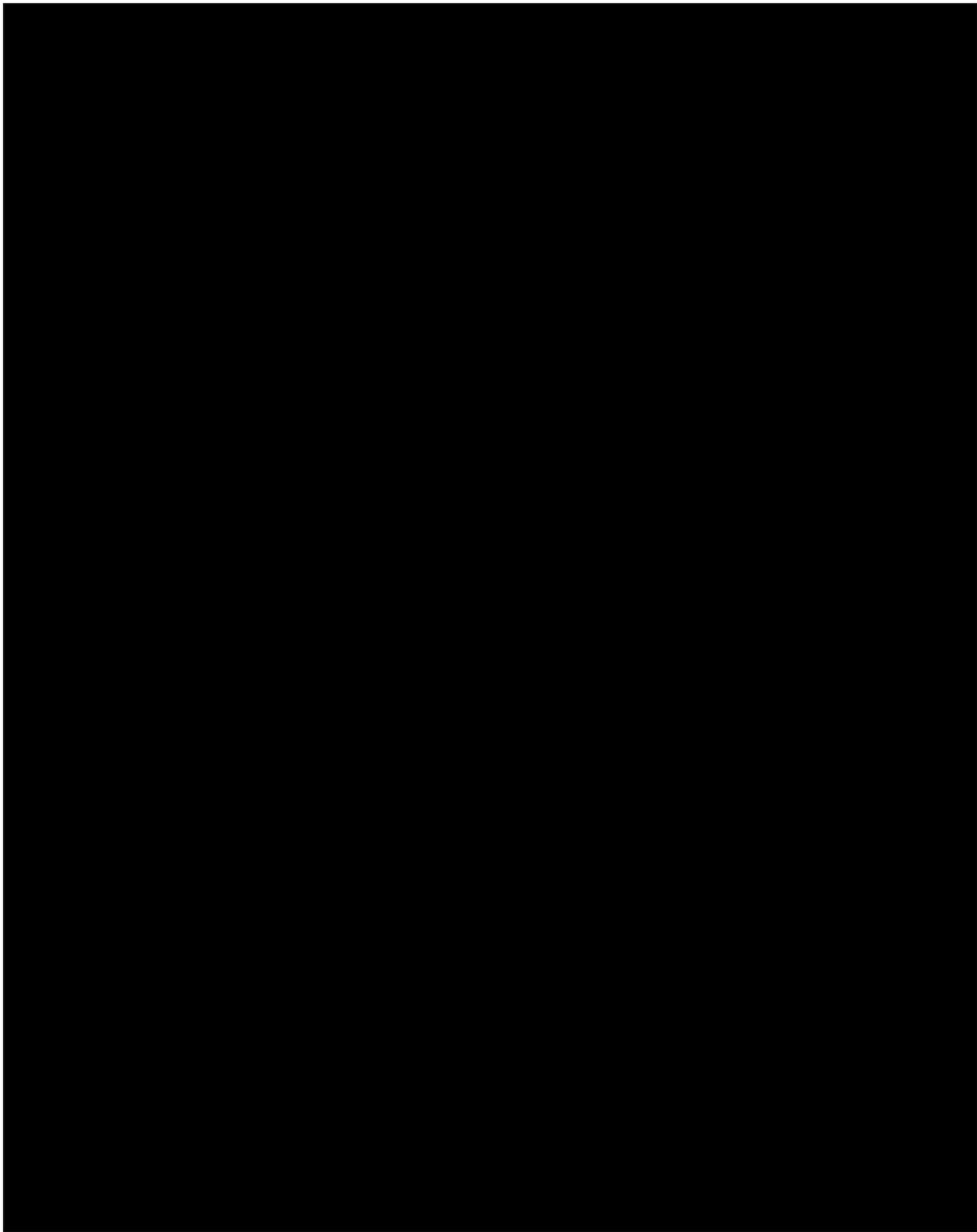
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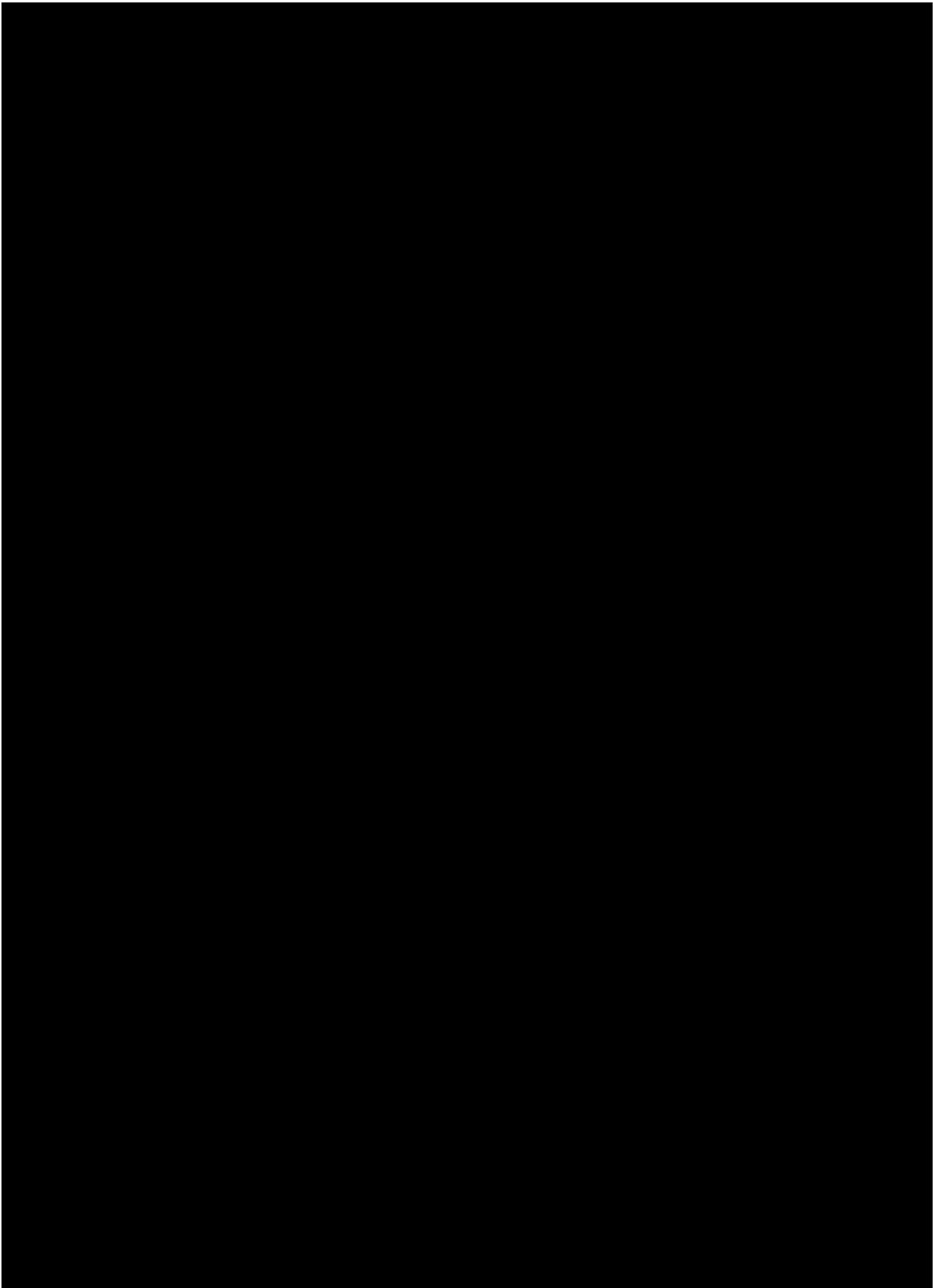
See Section 5.2 for details

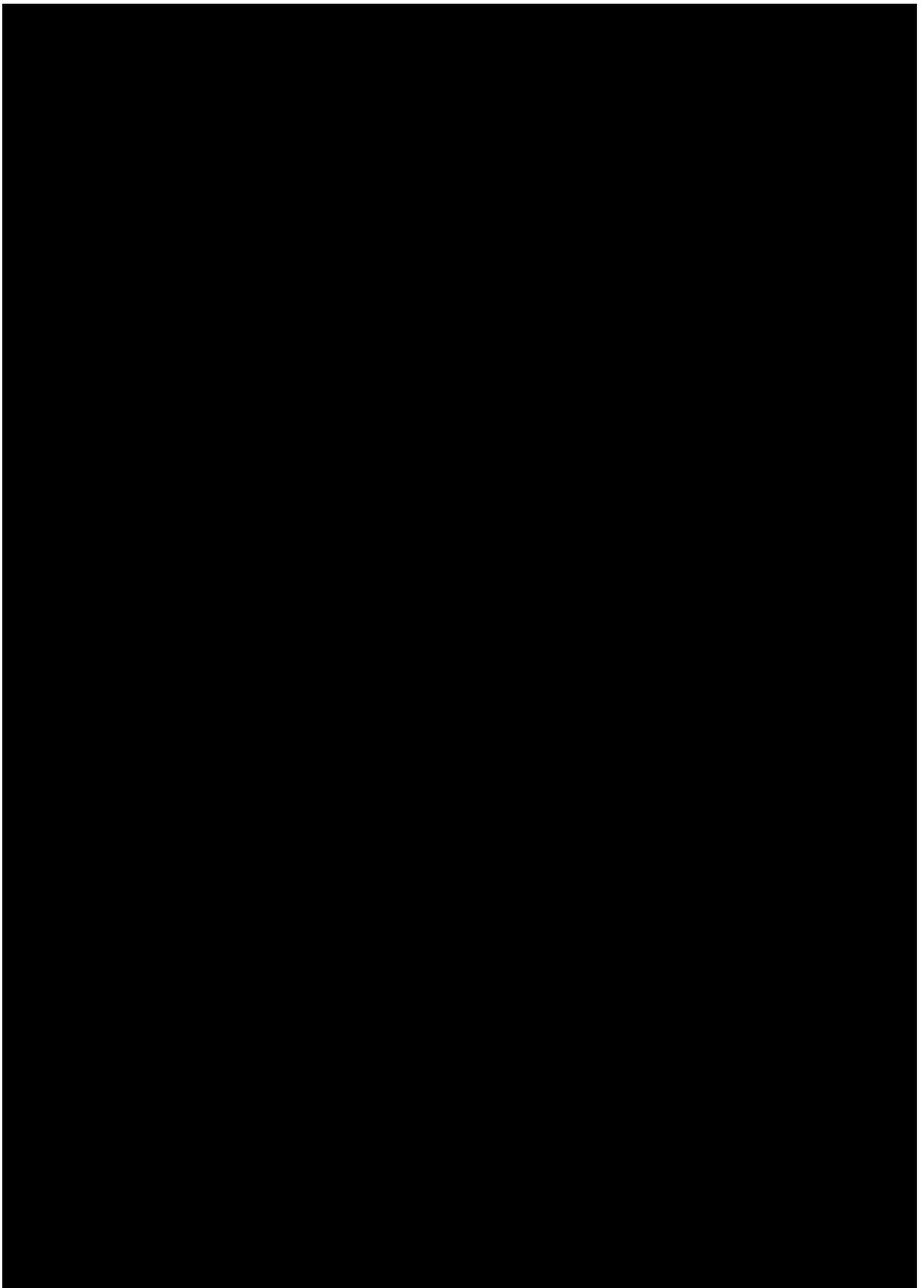


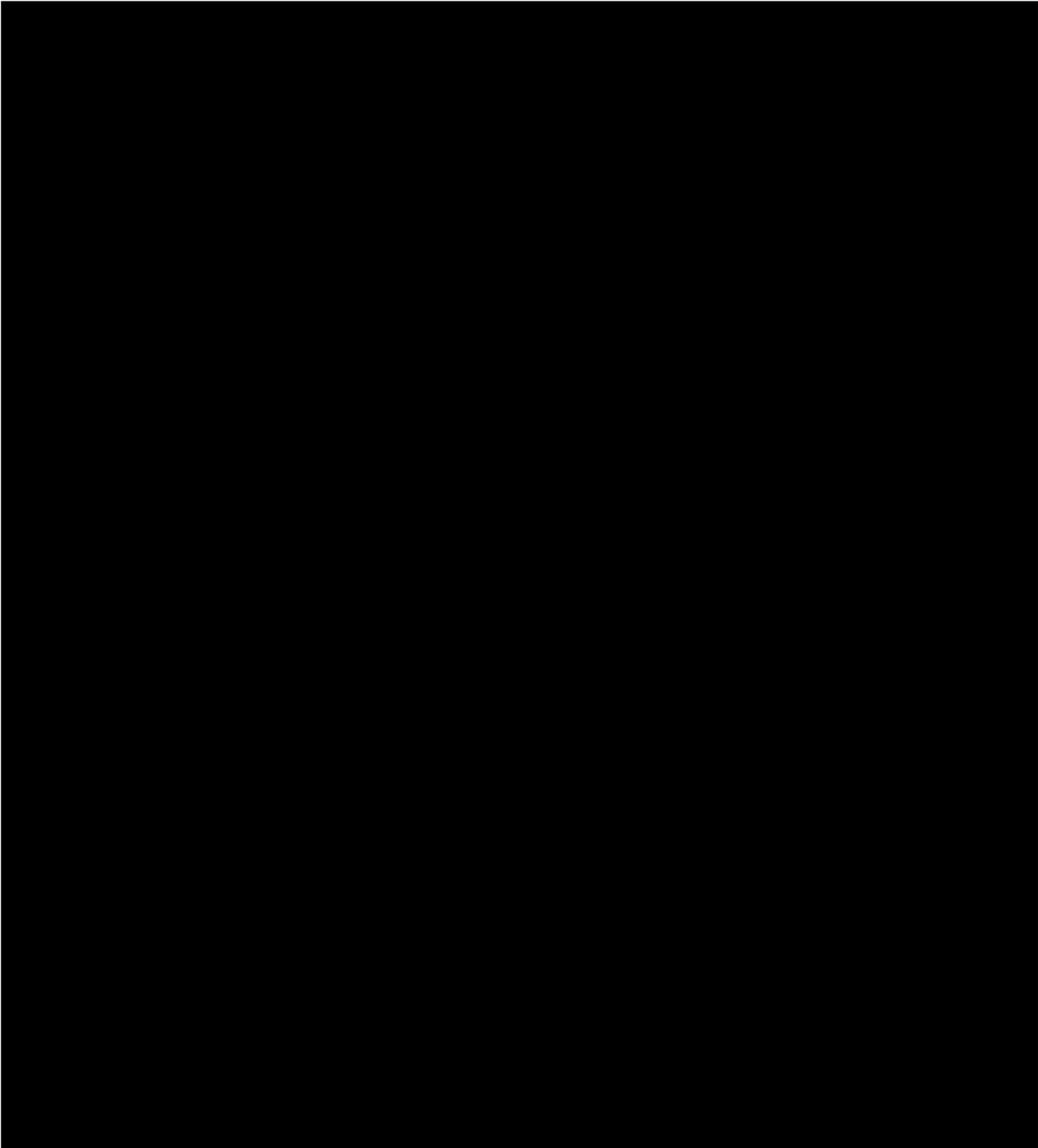


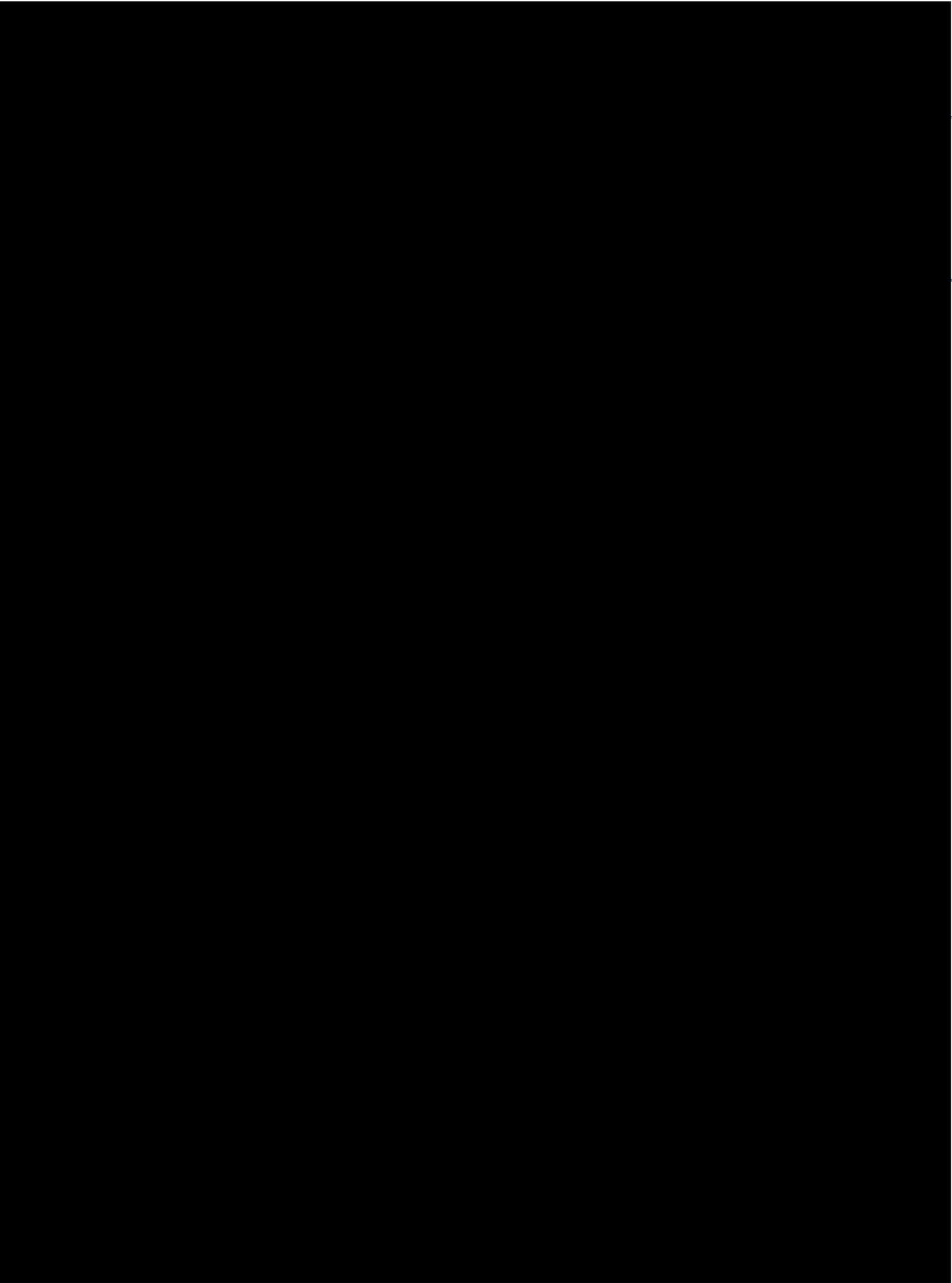


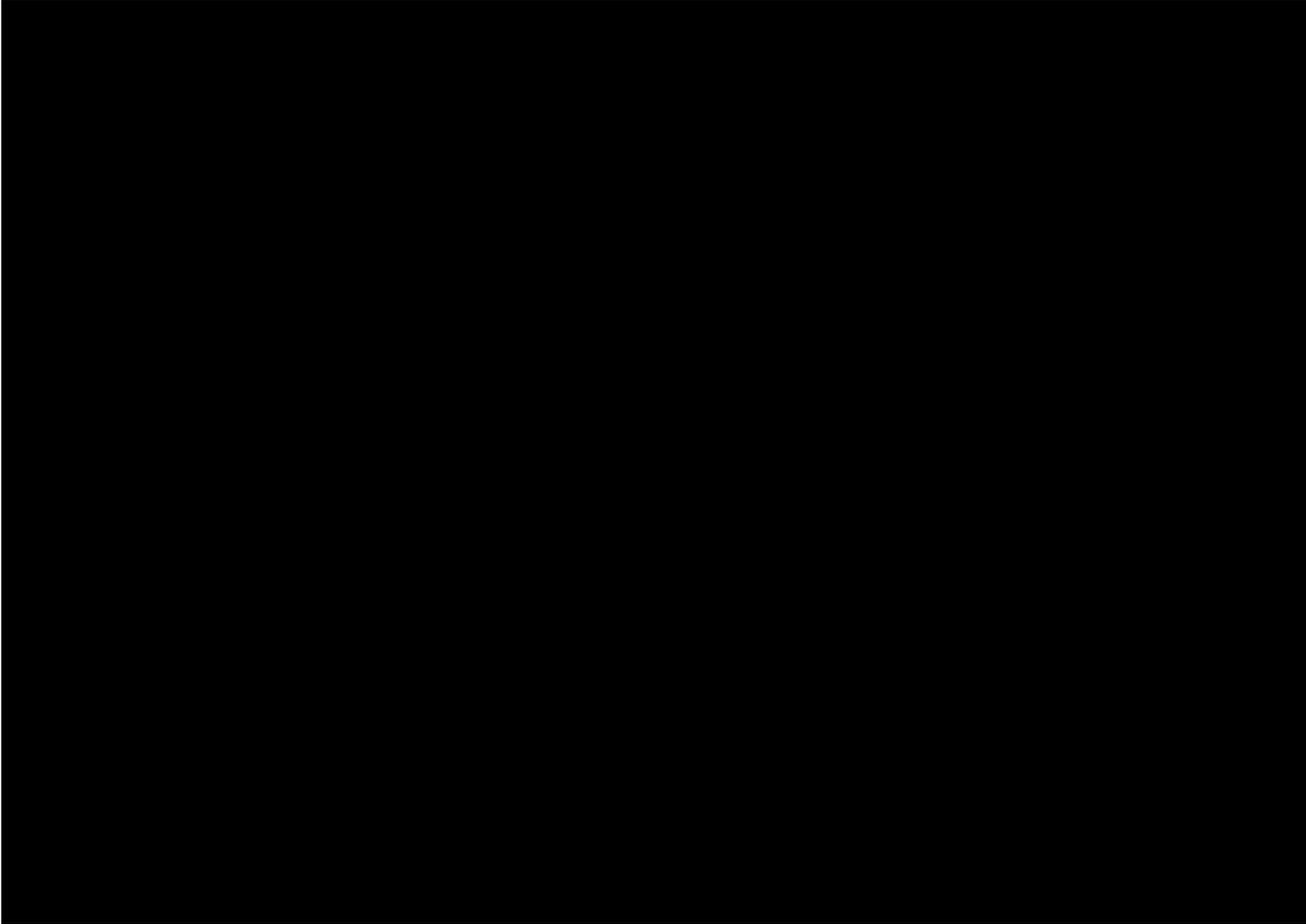












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Exhibit 5.9

Summary of factors used to develop index rate

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BLUE CROSS AND BLUE SHIELD OF KANSAS  
2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING  
ACTUARIAL MEMORANDUM

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Exhibit 12a  
Development of index rate - METALLIC PLANS

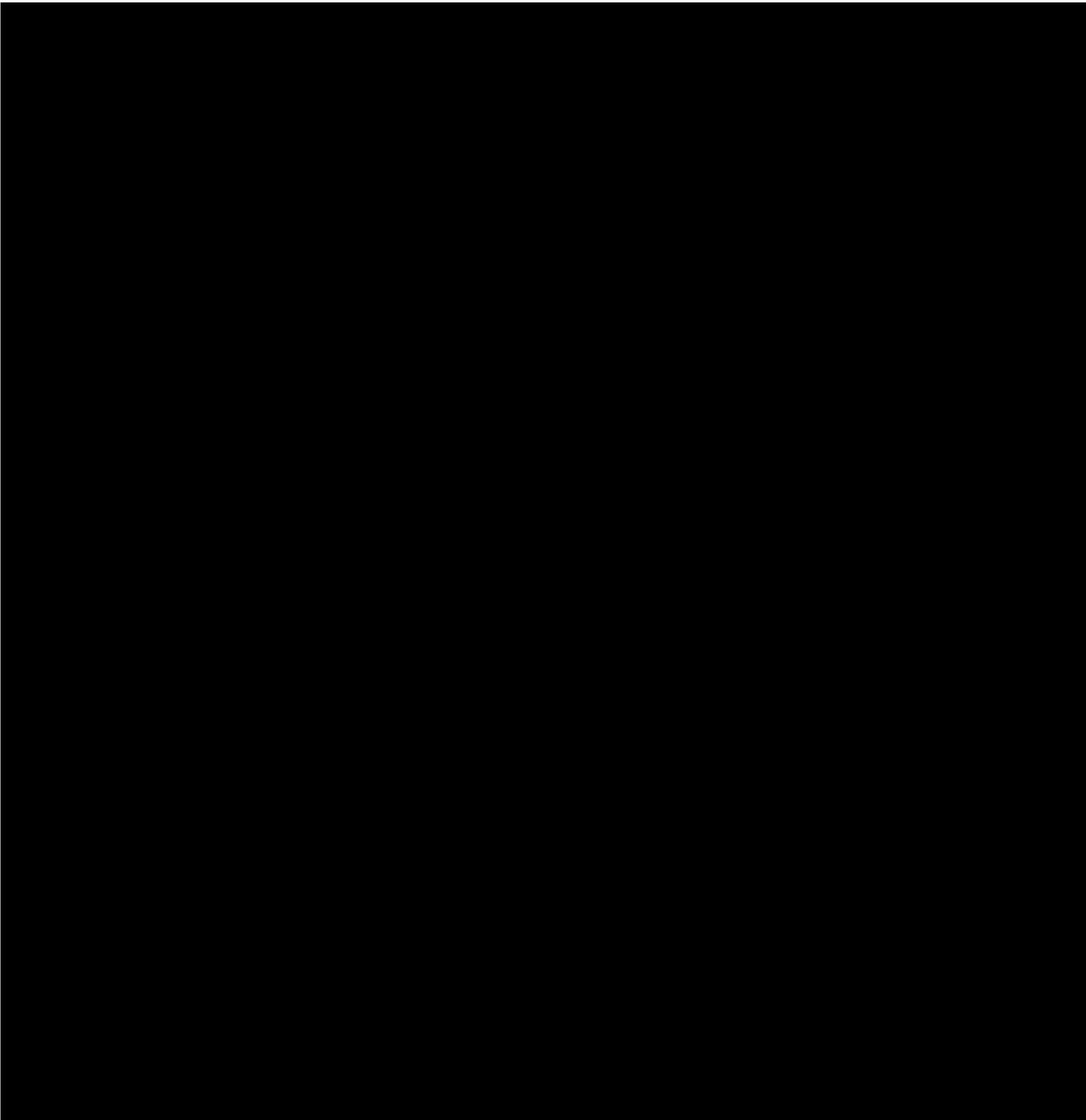
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Exhibit 12a  
Development of index rate - TRANSITIONAL PLANS

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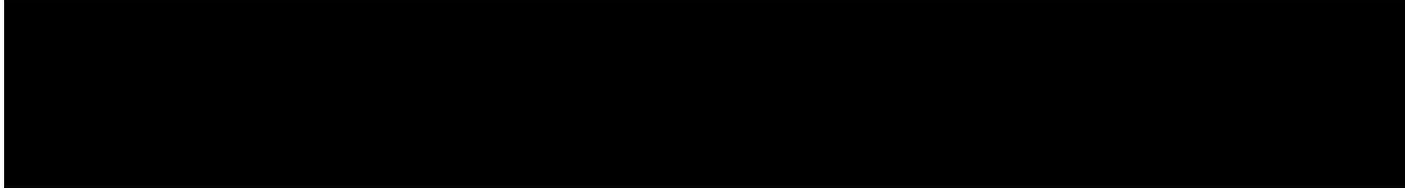


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Exhibit 12b

Development of plan adjusted index rates

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BLUE CROSS AND BLUE SHIELD OF KANSAS  
2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING  
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Exhibit 12b

Development of plan adjusted index rates

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BLUE CROSS AND BLUE SHIELD OF KANSAS  
2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING  
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Exhibit 12c

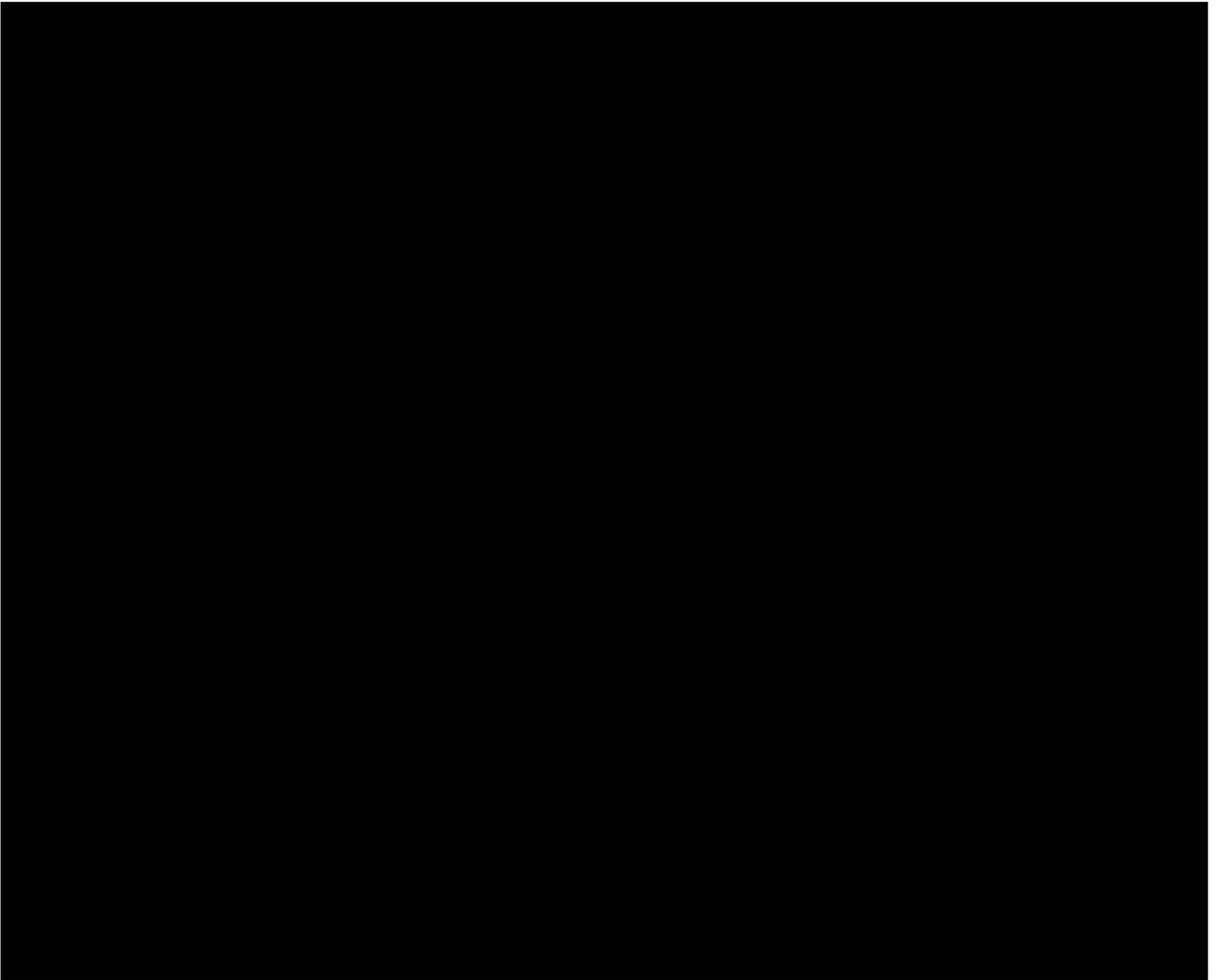
Calculation of rate increase

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For plans currently available and renewing in 2017

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Exhibit 13  
Plan changes from 2016 to 2017

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BLUE CROSS AND BLUE SHIELD OF KANSAS  
2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING  
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Exhibit 14  
2017 Membership Projections

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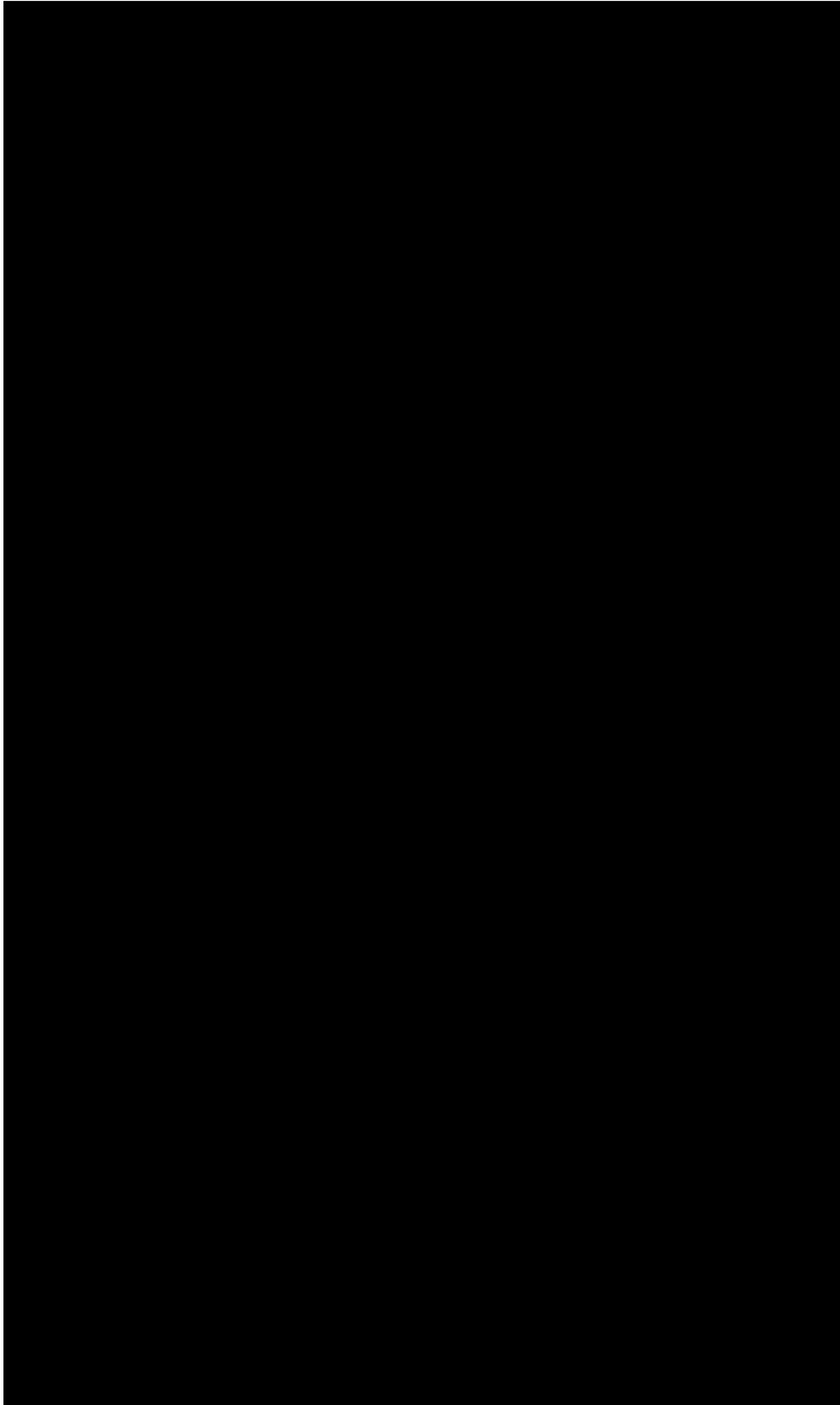
BLUE CROSS AND BLUE SHIELD OF KANSAS  
2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING  
ACTUARIAL MEMORANDUM

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Exhibit 16

Age and tobacco rating factors used for 2017 rating

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2017 KANSAS INDIVIDUAL NON-GRANDFATHERED PRODUCTS RATE FILING  
ACTUARIAL MEMORANDUM

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Exhibit 17  
Terminated plans from 2015 and 2016

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