Part III Actuarial Memorandum

Avera Health Plans, Inc.
Individual Rate Filing
Effective January 1, 2018

Prepared for:
Avera Health Plans, Inc.

Prepared by:
[redacted]

TABLE OF CONTENTS

The following table summarizes the exhibits included in this document. Some exhibits may span multiple pages.

EXHIBIT 1. GENERAL INFORMATION

DOCUMENT OVERVIEW

This document contains the Part III Actuarial Memorandum for Avera Health Plans, Inc. (AHP)'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 URRT, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the State of South Dakota Division of Insurance, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of AHP's individual rate filing. However, we recognize this certification may become a public document.

[redacted]

COMPANY IDENTIFYING INFORMATION

Company Legal Name:	Avera Health Plans, Inc.
State:	The State of South Dakota has regulatory authority over these policies
HIOS Issuer ID:	60536
Market:	Individual
Effective Date:	January 1, 2018

COMPANY CONTACT INFORMATION

[redacted]

DESCRIPTION OF BENEFITS

These products provide comprehensive medical benefits for services received within the provider network. These products have various cost sharing designs which are a combination of deductibles, coinsurance, and copayments that vary for in-network services. Pharmacy cost sharing for some plans reflects a six-tier (preventive, preferred generic, non-preferred generic, preferred brand, non-preferred brand, and specialty) copay or coinsurance structure. For other plans, the deductible and coinsurance apply to pharmacy costs instead of the six-tier copay structure.

Avera MyPlan is a PPO product with Gold, Silver, Bronze, and Catastrophic benefit plan options that provide coverage for inpatient, outpatient, prescription drugs, and miscellaneous services subject to deductible,

coinsurance, and copays. [redacted]

[redacted]

- [redacted]

- [redacted]

- [redacted]

EXHIBIT 2. PROPOSED RATE INCREASE(S)

RATE INCREASES BY PLAN

[redacted]. Appendix A [redacted] summarizes proposed rate increases by rating region and plan effective January 1, 2018.

[redacted]

[redacted]

[redacted]

REASON FOR RATE INCREASES

A rate change is needed to account for medical trend, as well as revisions to the following pricing assumptions:

- [redacted]

EXHIBIT 3. EXPERIENCE PREMIUM AND CLAIMS

The experience reported on Worksheet 1, Section I of the URRT shows AHP's earned premium and incurred and paid claims for the period of 1/1/2016 through 12/31/2016, with claims paid through 2/28/2017.

PREMIUMS (NET OF MLR REBATE) IN EXPERIENCE PERIOD

The earned premium reported in Worksheet 1 of the URRT reflects the sum of non-grandfathered individual member level premium for the experience period (calendar year 2016). [redacted] Earned premium shown in URRT Worksheet 1 is gross of federal risk adjustment transfers.

METHOD FOR DETERMINING ALLOWED CLAIMS

The following table summarizes the allowed claims, incurred claims, and earned premium as listed in Worksheet 1, Section I of the Part I URRT.

Table 3.1
Avera Health Plans, Inc.
Experience Allowed Claims and Premium

	Allowed Claims	Incurred Claims	Earned Premium
Paid	[redacted]	[redacted]	[redacted]
Incurred but not Paid	[redacted]	[redacted]	[redacted]
Total Incurred (URRT Worksheet 1)	[redacted]	[redacted]	[redacted]

Incurred claims are net of cost sharing reduction (CSR) subsidy prepayments. Allowed claims are determined by combining the paid claims with the member cost sharing. AHP processes all medical claims internally. Pharmacy claims (approximately [redacted] of claims) are processed by a separate external vendor.

We add an estimate of incurred but not paid (IBNP) claims to the processed amount to arrive at a final estimate of total claims. [redacted] Consideration is given for liabilities calculated using a claim cost or loss ratio method for recent incurral months prior to the valuation date that have less data available (e.g., 1 - 3 months). We use the same IBNP as a percentage of claims for allowed and incurred claims. No estimate of incurred but not reported claims was added to the prescription drug claims.

EXHIBIT 4. BENEFIT CATEGORIES

We assigned the experience and manual data utilization and cost information to benefit categories as shown in Worksheet 1, Section II of the Part 1 URRT based on place and type of service using a detailed claims mapping algorithm summarized as follows:

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.

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.

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.

OTHER MEDICAL

Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services, and other services. The measurement units for utilization used in this category are a mix of visits, cases, procedures, etc.

CAPITATION

Not applicable.

PRESCRIPTION DRUG

Includes drugs dispensed by a pharmacy.

EXHIBIT 5. PROJECTION FACTORS

This section includes an explanation of the projection factors illustrated in URRT Worksheet 1, and supporting information related to the development of those factors.

CHANGES IN THE MORBIDITY OF THE POPULATION INSURED

[redacted]

CHANGES IN BENEFITS

[redacted]

[1] https://www.irs.gov/affordable-care-act/individuals-and-families/individual-shared-responsibility-provision

CHANGES IN DEMOGRAPHICS AND GEOGRAPHY

[redacted] We use a demographic projection factor of [redacted] for the effect of demographic changes on allowed costs between 2016 and 2018. [redacted] This change is part of the "Other" projection factors illustrated in URRT Worksheet 1, Section II.

We also apply an adjustment to reflect the changing mix of member distribution by rating region. [redacted] This change is part of the "Other" projection factors illustrated in URRT Worksheet 1, Section II.

OTHER ADJUSTMENTS

[redacted]

Table 5.1 summarizes the "Other" projection factors illustrated in URRT Worksheet 1.

Table 5.1
Avera Health Plans, Inc.
Illustration of Other Projection Factors

Category	Demographics	Geography	Provider Reimbursement	Totals
Inpatient	[redacted]	[redacted]	[redacted]	[redacted]
Outpatient	[redacted]	[redacted]	[redacted]	[redacted]
Professional	[redacted]	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]	[redacted]
Capitation	[redacted]	[redacted]	[redacted]	[redacted]
Drug	[redacted]	[redacted]	[redacted]	[redacted]

TREND FACTORS (COST / UTILIZATION)

This development of the 2018 rates reflects an annual trend rate of [redacted]

We illustrate our trend assumption separately for unit cost and utilization, as well as by service category, based on weights from the *HCGs*. Annualized unit cost trend is illustrated in URRT Worksheet 1 Section II in the "Cost" column of projection factors. Annualized utilization trend is illustrated in URRT Worksheet 1 Section II in the "Util" column of projection factors.

The derivation of the utilization factors illustrated in URRT Worksheet 1, Section II is shown in Table 5.2:

Table 5.2
Avera Health Plans, Inc.
Illustration of Util Projection Factors

Category	Utilization Trend	Plan Design Behavior Changes	Totals
Inpatient	[redacted]	[redacted]	[redacted]
Outpatient	[redacted]	[redacted]	[redacted]
Professional	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]
Capitation	[redacted]	[redacted]	[redacted]
Drug	[redacted]	[redacted]	[redacted]

EXHIBIT 6. CREDIBILITY MANUAL RATE DEVELOPMENT

Not applicable. AHP's experience in the base period is fully credible.

EXHIBIT 7. CREDIBILITY OF EXPERIENCE

[redacted]

EXHIBIT 8. PAID TO ALLOWED RATIO

The following table provides support for the average paid to allowed ratio by plan metal level.

Table 8.1
Avera Health Plans, Inc.
Average Paid to Allowed Factor Support

Metal Level	Member Months	Paid Claims PMPM	Allowed Claims PMPM	Paid-to-Allowed Ratio
Gold	[redacted]	[redacted]	[redacted]	[redacted]
Silver	[redacted]	[redacted]	[redacted]	[redacted]
Bronze	[redacted]	[redacted]	[redacted]	[redacted]
Catastrophic	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]

Note: May be slightly different from URRT, worksheet 1 due to rounding.

The projected paid and allowed claims reflect the member month weighted average by metal level from Worksheet 2, Section IV of the URRT. The total paid-to-allowed ratio is consistent with Worksheet 1, Section III of the URRT. PMPMs may not be consistent with PMPMs shown in URRT Worksheet 1, Section III due to rounding.

EXHIBIT 9. RISK ADJUSTMENT AND REINSURANCE

EXPERIENCE PERIOD RISK ADJUSTMENTS PMPM

[redacted]

PROJECTED RISK ADJUSTMENTS PMPM

We project risk adjustment transfers [redacted]

The anticipated risk transfer payments, including $0.14 PMPM risk adjustment user fees, are applied to the Index Rate as a market level adjustment. The overall impact of projected net risk adjustment transfers is a premium increase, as demonstrated in Exhibit 14.

EXPERIENCE PERIOD ACA REINSURANCE RECOVERIES NET OF REINSURANCE PREMIUM

[redacted]

PROJECTED ACA REINSURANCE RECOVERIES NET OF REINSURANCE PREMIUM

The federal transitional reinsurance program is a temporary program that ended in 2016. As a result, we did not project any federal transitional reinsurance contributions or recoveries for 2018.

EXHIBIT 10. NON-BENEFIT EXPENSES AND PROFIT & RISK

Non-benefit expenses and the profit and risk load are applied uniformly to all plans as a single percent of premium.

ADMINISTRATIVE EXPENSE LOAD

Administrative expenses were provided by AHP and are summarized in Table 10.1 below. The values entered in Worksheet 1, Section III of the URRT illustrate this in total and as a percent of premium. PMPMs within Table 10.1 may not tie to PMPMs within URRT Worksheet 1, Section III due to rounding within URRT Worksheet 1, Section III.

PROFIT AND RISK LOAD

The profit and risk load is shown in Table 10.1 below. The profit and risk load was determined as an aggregate value for the single-risk pool based on AHP's goals for 2018. The profit and risk load is illustrated in URRT Worksheet 1, Section III. PMPMs within Table 10.1 may not tie to PMPMs within URRT Worksheet 1, Section III due to rounding within URRT Worksheet 1, Section III.

TAXES AND FEES

Table 10.1 displays the projected taxes and fees that may be subtracted from premiums when calculating AHP's loss ratio for MLR purposes, in addition to the risk adjustment user fee which is not included in this section per HHS's instructions. The total value is displayed in Worksheet 1, Section III of the URRT. PMPMs within Table 10.1 may not tie to PMPMs within URRT Worksheet 1, Section III due to rounding within URRT Worksheet 1, Section III.

Risk adjustment user fees are not included in this line item, consistent with HHS's instructions.

The following table summarizes retention components included in rate development.

Table 10.1
Avera Health Plans, Inc.
Illustration of Retention Expenses by URRT, Worksheet 1 Category

Retention Description	PMPM	% Premium
Administrative Expense Load		
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
Subtotal: Administrative Expense Load	[redacted]	[redacted]
Profit and Risk Load	[redacted]	[redacted]
Taxes and Fees		
Premium Tax	[redacted]	[redacted]
Comparative Effectiveness Research Fee	[redacted]	[redacted]
Marketplace User Fee	[redacted]	[redacted]
Health Insurance Provider Fee (Excise Tax)	[redacted]	[redacted]
Subtotal: Taxes and Fees Load	[redacted]	[redacted]
Total Retention	[redacted]	[redacted]

EXHIBIT 11. PROJECTED LOSS RATIO

The projected loss ratio is [redacted] This loss ratio is calculated consistently with the MLR methodology, according to the National Association of Insurance Commissioners, as prescribed by 45 CFR 158.221. The following table demonstrates AHP's premium development and MLR calculation using rounded values.

The following table summarizes the calculation for the projected federal medical loss ratio.

Table 11.1
Avera Health Plans, Inc.
Projected Federal Medical Loss Ratio

	Individual 2018
Member Months	[redacted]
MLR Numerator Calculations	
Paid Claims PMPM	[redacted]
Claim-Related Retention (QI / Health IT) PMPM	[redacted]
Risk Adjustment Paid (Received) PMPM	[redacted]
MLR Numerator	[redacted]
MLR Denominator Calculations	
Premium PMPM	[redacted]
Premium-Related Retention (Taxes & Fees) PMPM	[redacted]
MLR Denominator	[redacted]
Medical Loss Ratio	[redacted]

No additional state-specific projected loss ratio demonstration is required in the State of South Dakota.

EXHIBIT 12. SINGLE RISK POOL

AHP's 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 South Dakota individual health insurance market.

Note that the Single Risk Pool includes transitional products / plans for purposes of the base rate experience; however, the experience for these policies has only been used in the projection to the extent that AHP anticipates the members in those policies will be enrolled in their fully ACA-compliant plans during the projection period.

EXHIBIT 13. INDEX RATE

The index rate for the experience period is a measurement of the average allowed claims PMPM for EHBs. The experience period index rate reflects the actual mixture of smoker / non-smoker population, area factors, catastrophic / non-catastrophic enrollment, and the actual mixture of risk morbidity that AHP received in the Single Risk Pool during the experience period. [redacted] The experience Index Rate has not been adjusted for payments and charges under the risk adjustment and reinsurance programs or for Marketplace user fees.

[redacted]

The index rate for the projection period is a measurement of the average allowed claims PMPM for EHBs. The projected index rate reflects the projected CY 2018 mixture of smoker / non-smoker population, area factors, catastrophic / non-catastrophic enrollment, and the projected mixture of risk morbidity that AHP expects to receive in the Single Risk Pool. [redacted] The projected Index Rate has not been adjusted for payments and charges projected under the risk adjustment program or for Marketplace user fees.

[redacted]

EXHIBIT 14. MARKET ADJUSTED INDEX RATES

The following table summarizes the factors applied to the Index Rate in the projection period to determine the Market Adjusted Index Rate.

Table 14.1
Avera Health Plans, Inc.
Market Adjusted Index Rate Development

		Annotation
2018 Index Rate PMPM	[redacted]	(1)
Market Adjustments (paid basis)		
Net Risk Adjustment	[redacted]	(2)
Net Federal Transitional Reinsurance	[redacted]	(3)
Marketplace User Fees	[redacted]	(4)
Paid-to-Allowed Ratio	[redacted]	(5)
Market Adjustments (allowed basis)		
Net Risk Adjustment	[redacted]	(6) = (2) / (5)
Net Federal Transitional Reinsurance	[redacted]	(7) = (3) / (5)
Marketplace User Fees	[redacted]	(8) = (4) / (5)
Market Adjusted Index Rate PMPM	[redacted]	**(9) = (1) + (6) + (7) + (8)**

** Note: numbers are rounded*

The Market Adjusted Index Rate is not calibrated. This means the rate reflects the average demographic characteristics of the single risk pool.

Each of the above modifiers were developed as follows:

- Net Risk Adjustment

  This factor includes the impact of the estimated risk adjustment transfer payment as addressed in Exhibit 9 plus the Risk Adjustment User Fee of $0.14.

- Net Transitional Reinsurance

  This factor is $0, since the Transitional Reinsurance program ended in 2016.

- Marketplace User Fee adjustment

  The Marketplace User Fee adjustment was determined as the average of no fee and the Marketplace user fee, weighted using the expected distribution of issuer enrollment sold through versus outside the Marketplace.

EXHIBIT 15. PLAN ADJUSTED INDEX RATES

The Market Adjusted Index Rate is adjusted to compute the Plan Adjusted Index Rates using the following allowable adjustments:

- Actuarial value and cost sharing adjustment (AVCS)

  This factor consists of the product of the Actuarial Value and the Plan Design Behavior Change (PDBC) factors. [redacted]

- Provider network, delivery system and utilization management adjustment

  – [redacted]

- Adjustment for benefits in addition to the EHBs

  – [redacted]

- Adjustment for distribution and administrative costs

  – This adjustment is developed to indicate the impact of non-benefit expenses. This adjustment does not differ by plan, since non-benefit expenses are applied evenly to all plans as a single percent of premium.

- Impact of specific eligibility categories for the catastrophic plan

  – This adjustment was developed to illustrate the impact of the restricted age requirements in the Catastrophic risk pool, and the effect of tobacco loads applied to the expected catastrophic population.

Appendix B [redacted] demonstrates the Plan Adjusted Index Rate development for each plan in the projection period.

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

EXPERIENCE PERIOD PLAN ADJUSTED INDEX RATES

The experience period plan-adjusted index rates shown in URRT Worksheet 2, Section III are the Plan Adjusted Index Rates filed in the experience period, consistent with HHS's instructions. Experience period plan-adjusted index rates for terminated plans are shown as zero, consistent with HHS's instructions.

EXHIBIT 16. CALIBRATION

A single calibration factor is applied to the Plan Adjusted Index Rates from Exhibit 15 to calibrate rates for the expected age and geographic distribution expected to enroll in the plan. The single calibration factor is applied uniformly across all plans.

AGE CURVE CALIBRATION

The approximate weighted average age, rounded to a whole number, for the single risk pool is [redacted]

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. Prior to applying the allowed rating factors for age, geography, and tobacco, the plan adjusted index rates need to be divided by the age curve calibration factor.

Additional information regarding the age curve can be found on Exhibit 17.

TOBACCO CALIBRATION

In order to determine the calibration factor for tobacco use rating, the projected percentage of members using tobacco by age was determined. The weighted average of the non-tobacco use and tobacco use factors in the age curve was then calculated using this percentage. The weighted average of the composite non-tobacco / tobacco use factors (i.e., age / tobacco premium relativity) was then determined by using the projected distribution of members by age. The tobacco use rating calibration factor was then calculated as the age / tobacco premium relativity factor divided by the age curve calibration. Prior to applying the allowed rating factors for age, geography, and tobacco, the Plan Adjusted Index Rates need to be divided by the tobacco use calibration factor.

Additional information regarding the tobacco use rating factors can be found on Exhibit 17.

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. The area factors are determined based on AHP's expectations for provider reimbursement in 2018. The area factors used are reflective of differences in delivery costs (including unit cost and provider practice pattern differences) only, and do not reflect any difference in population morbidity. Prior to applying the allowed rating factors for age, geography, and tobacco, the plan adjusted index rates need to be divided by the geographic calibration factor.

[redacted]

Additional information regarding the area rating factors can be found on Exhibit 17.

Appendix C [redacted] demonstrates the calibration performed for each plan.

EXHIBIT 17. 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 Plan Adjusted Index Rate, the geographic rating factor, the age rating factor, and the tobacco status rating factor. All rating factors are described and shown below.

AHP's CY 2018 age and tobacco rating factors are shown below. The age rating factors used by AHP are identical to those prescribed by CMS. Industry research regarding tobacco use and differences in health costs for smokers by age was used as the basis of our adjustment factors.

Table 17.1
Avera Health Plans, Inc.
Age and Tobacco Factors

Age Band	Age Rating Factor	Tobacco Factor	Age Band	Age Rating Factor	Tobacco Factor
0-14	0.765	[redacted]	40	1.278	[redacted]
15	0.833	[redacted]	41	1.302	[redacted]
16	0.859	[redacted]	42	1.325	[redacted]
17	0.885	[redacted]	43	1.357	[redacted]
18	0.913	[redacted]	44	1.397	[redacted]
19	0.941	[redacted]	45	1.444	[redacted]
20	0.970	[redacted]	46	1.500	[redacted]
21	1.000	[redacted]	47	1.563	[redacted]
22	1.000	[redacted]	48	1.635	[redacted]
23	1.000	[redacted]	49	1.706	[redacted]
24	1.000	[redacted]	50	1.786	[redacted]
25	1.004	[redacted]	51	1.865	[redacted]
26	1.024	[redacted]	52	1.952	[redacted]
27	1.048	[redacted]	53	2.040	[redacted]
28	1.087	[redacted]	54	2.135	[redacted]
29	1.119	[redacted]	55	2.230	[redacted]
30	1.135	[redacted]	56	2.333	[redacted]
31	1.159	[redacted]	57	2.437	[redacted]
32	1.183	[redacted]	58	2.548	[redacted]
33	1.198	[redacted]	59	2.603	[redacted]
34	1.214	[redacted]	60	2.714	[redacted]
35	1.222	[redacted]	61	2.810	[redacted]
36	1.230	[redacted]	62	2.873	[redacted]
37	1.238	[redacted]	63	2.952	[redacted]
38	1.246	[redacted]	64+	3.000	[redacted]
39	1.262	[redacted]			

AHP's CY 2018 geographic rating factors are shown below. These geographic rating factors are based on AHP experience. The geographic factors used reflect only differences in cost of delivery, and do not include differences for population morbidity by geographic area.

Table 17.2 Avera Health Plans, Inc. Geographic Rating Factors	
Region	**Area Rating Factor**
Rating Area 1	[redacted]
Rating Area 2	[redacted]
Rating Area 3	[redacted]
Rating Area 4	[redacted]

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.

The following table demonstrates the premium rate development for the Consumer Adjusted Premium Rate beginning with the Calibrated Plan Adjusted Index Rate and applying the appropriate age, area, and tobacco factors.

Table 17.3 Avera Health Plans, Inc. Sample Consumer Adjusted Premium Rate Development	
HIOS ID: [redacted]	
Calibrated Plan Adjusted Index Rate	[redacted]
Age: 27	[redacted]
Area: 3	[redacted]
[redacted]	[redacted]
Consumer Adjusted Premium Rate	[redacted]

Note: factors are rounded

EXHIBIT 18. AV METAL VALUES

The AV metal values included in Worksheet 2, Section I of the URRT were developed using the CMS AV calculator.

EXHIBIT 19. AV PRICING VALUES

Appendix D [redacted] summarizes all of the adjustments included in the AV Pricing Value. The AV Pricing Value is the product of the factors for AV & Cost Sharing, Provider Network Adjustment, Benefits in Addition to EHBs, Admin Excluding Marketplace User Fee, and Catastrophic Eligibility.

The AV Pricing Value represents the cumulative effect of the adjustments made to move from the Market Adjusted Index Rate to the Plan Adjusted Index Rate.

The adjustment for plan cost sharing includes expected differences in utilization due to differences in cost sharing. [redacted] These adjustment factors only contain expected differences in utilization due to differences in cost sharing and not due to health status.

EXHIBIT 20. MEMBERSHIP PROJECTIONS

The projected membership (as displayed in Worksheet 2, Section IV of the URRT) was determined by considering the size of the projected South Dakota individual market in 2018 in the plan's service area and an assumed penetration rate of this market. The size of the market was estimated based on the following:

- Historical sales for AHP individual business,
- Sales distribution and provider networks, and
- Anticipated activity in the South Dakota individual health insurance market due to various health care reform provisions.

[redacted] Projected CSR membership for Silver plans is summarized in the table below.

Table 20.1
Avera Health Plans, Inc.
2018 Silver Plans
Projected Enrollment (Member Months) by Subsidy Level

HIOS ID	70%	73%	87%	94%	Total
60536SD0020010	[redacted]				
60536SD0020011	[redacted]				
60536SD0020022	[redacted]				
60536SD0020029	[redacted]				
60536SD0020030	[redacted]				
60536SD0020031	[redacted]				

[redacted]

EXHIBIT 21. TERMINATED PLANS AND PRODUCTS

The following plans sold in 2016 were terminated as of January 1, 2017:

Table 21.1
Avera Health Plans, Inc.
Plans Terminated as of January 1, 2017

Product Name	Plan Name	2016 HIOS ID	2017 Mapped HIOS ID
Avera MyPlan	[redacted]	[redacted]	[redacted]
Avera MyPlan	[redacted]	[redacted]	[redacted]
Avera MyPlan	[redacted]	[redacted]	[redacted]

The following plans sold in 2017 will be terminated as of January 1, 2018:

Table 21.2
Avera Health Plans, Inc.
Plans Terminated as of January 1, 2018

Product Name	Plan Name	2017 HIOS ID	2018 Mapped HIOS ID
Avera MyPlan	[redacted]	[redacted]	[redacted]
Avera MyPlan	[redacted]	[redacted]	[redacted]
Avera MyPlan	[redacted]	[redacted]	[redacted]
Avera MyPlan	[redacted]	[redacted]	[redacted]
Avera MyPlan	[redacted]	[redacted]	[redacted]

EXHIBIT 22. PLAN TYPE

There are no differences between the plans of AHP and the plan type selected in the drop-down box in Worksheet 2, Section I of the URRT.

EXHIBIT 23. WARNING ALERTS

There are no Warning Alerts displayed on Worksheet 2 of the URRT.

EXHIBIT 24. EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL)

Not applicable.

EXHIBIT 25. RELIANCE

In performing this analysis, I relied on data and other information provided by AHP. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

[redacted]

EXHIBIT 26. ACTUARIAL CERTIFICATION

I am a Principal and Consulting Actuary with the firm of Milliman, Inc. Avera Health Plans, Inc. engaged me to provide the opinion herein.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

I certify to the best of my knowledge and judgment:

1. The projected index rate is
    - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102).
    - Developed in compliance with the applicable Actuarial Standards of Practice.
    - Reasonable in relation to the benefits provided and the population anticipated to be covered.
    - Neither excessive nor deficient based on my best estimates of the 2018 individual market.
2. 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.
3. The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV was calculated in accordance with actuarial standards of practice.
4. The geographic rating factors used reflect only differences in the cost of delivery and do not include differences for population morbidity by geographic area.
5. The CMS Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the URRT for all non-Catastrophic plans.
6. The entire rate filing is in compliance with all the applicable laws and rules of South Dakota and the benefits are reasonable in relation to premium.

The URRT does not demonstrate the process used to develop proposed premium rates. It is representative of information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans, and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

The information provided in this Actuarial Memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify that rates were developed in accordance with applicable regulations, as noted.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

APPENDICES

RELIANCE LETTER