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## Part III Actuarial Memorandum (REDACTED)

**CommunityCare HMO, Inc.  
Individual Rate Filing  
Effective January 1, 2019**

Prepared for:  
**CommunityCare HMO, Inc.**

Prepared by:  
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## EXHIBIT 1. GENERAL INFORMATION

### Document Overview

This document contains the Part III Actuarial Memorandum for CommunityCare HMO, Inc.'s (CCOK) individual block of business, effective January 1, 2019. 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 Oklahoma Insurance Department, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of CCOK'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 other users. Likewise, other users of this letter should not place reliance upon this actuarial memorandum that would result in the creation of any duty or liability for Milliman under any theory of law.

Future regulatory changes may affect the extent to which the rates are neither excessive nor deficient.

### Company Identifying Information

Company Legal Name: CommunityCare HMO, Inc.  
State: The State of Oklahoma has regulatory authority over these policies.  
HIOS Issuer ID: 98905  
Market: Individual  
Effective Date: January 1, 2019

### Company Contact Information

Primary Contact Name: Karla Tull  
Primary Contact Telephone Number: (405) 810-2009  
Primary Contact Email Address: ktull@ccok.com

## EXHIBIT 2. PROPOSED RATE INCREASES (REDACTED)

## EXHIBIT 2. PROPOSED RATE INCREASES (REDACTED)

### EXHIBIT 3. EXPERIENCE PREMIUM AND CLAIMS

The experience reported on Worksheet 1, Section I of the URRT shows CCOK's earned premium and incurred and paid claims for the period of 1/1/2017 through 12/31/2017, with claims paid through 2/28/2018.

#### Premiums (net of MLR Rebate) in Experience Period

The premiums earned during the experience and as reported on Worksheet 1, Section I of the URRT are from CCOK's audited financial statements for CY2017.

#### Method for Determining Allowed Claims

All allowed claims processed both in and out of the claim system were included. Of this amount, 100% was processed through the claim system. An estimate of incurred but not reported allowed claims was added to the processed amount to arrive at a final estimate of total allowed claims. No estimate of incurred but not reported claims was added to the prescription drug claims or fixed cost capitated claims.

#### Method for Determining Paid Claims

All paid claims processed both in and out of the claim system were included. Of this amount, 100% was processed through the claim system. An estimate of incurred but not paid claims was added to the processed amount to arrive at a final estimate of total paid claims. No estimate of incurred but not paid claims was added to the prescription drug claims or fixed cost capitated claims.

#### Method for Determining Incurred But Not Reported Paid Claims

Incurred claims were calculated by applying a completion factor to the paid claims from the experience period. The completion factors were developed using the lag development method. The completion factors for paid and allowed claims are the same.

#### Method for Determining Paid Cost Sharing

Paid member cost sharing was determined by subtracting paid claims from allowed claims.

## EXHIBIT 4. BENEFIT CATEGORIES

We assigned the experience 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**

The inpatient hospital category 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**

The outpatient hospital category 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**

The professional category 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**

The other medical category 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**

The capitation category includes all services provided under one or more capitated arrangements.

### **Prescription Drug**

The prescription drug category includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

## EXHIBIT 5. PROJECTION FACTORS (REDACTED)



## EXHIBIT 5. PROJECTION FACTORS (REDACTED)

**EXHIBIT 6. CREDIBILITY MANUAL RATE DEVELOPMENT (REDACTED)**

## EXHIBIT 7. CREDIBILITY OF EXPERIENCE

### Description of the Credibility Method Used

The CMS guidelines used for Medicare Advantage/Prescription Drug Plans (MA/PD) were used to determine the credibility of the experience. These guidelines specify 24,000 member months as 100% credible for medical and specify the following formula for determination of partial credibility:

$$(n / 24,000)^{(1/2)} \text{ for medical}$$

where n = member months in the experience period.

Since prescription drug and medical coverage are both covered, and medical services make up a significantly larger portion of the costs, the above medical formula was used for the determination of credibility for all costs (medical and pharmacy). The use of the CMS MA/PD credibility is appropriate given that both MA/PD and Commercial cover similar benefit categories.

### Resulting Credibility Level Assigned to the Base Period Experience

The credibility assigned to the base period experience is 100%.

The following table summarizes the adjusted credibility of the base period experience:

Description	Value	Annotation
Member Months - Base Experience	30,747	(a)
Full Credibility Threshold - Member Months	24,000	(b)
% Base Experience in the Manual Rate	0%	(c)
Credibility of Base Experience (no adjustment)	100%	(d) = $\text{Min}\{\sqrt{(a)/(b)}, 1\}$
<b>Adjusted Credibility of Base Experience</b>	<b>100%</b>	(e) = $[(d)-(c)] / [1-(c)]$

## EXHIBIT 8. PAID TO ALLOWED RATIO (REDACTED)

The following table provides support for the average projected paid-to-allowed ratio. The average projected allowed and incurred PMPM reflects the member month weighted average from Worksheet 2, Section IV of the URRT. The average projected paid-to-allowed ratio is consistent with Worksheet 1, Section III of the URRT.

<b>Table 8.1</b> <b>CommunityCare HMO, Inc.</b> <b>Average Paid to Allowed Factor Support</b>	
<b>Description</b>	<b>Value</b>
Average projected allowed PMPM	\$556.47
Average projected incurred claims PMPM	\$380.08
<b>Average projected paid-to-allowed ratio</b>	<b>68.3%</b>
<b>Average AV metal value</b>	<b>67.5%</b>

The average AV metal value was based on AVs calculated using the federal AV calculator, weighted on projected allowable cost by metal level.

## EXHIBIT 9. RISK ADJUSTMENT AND REINSURANCE

### Experience Period Risk Adjustments PMPM

The 2019 projected risk adjustment transfer was determined using data from the 2017 CMS interim risk adjustment report, as well as historical data from past final transfer payments for this block, and knowledge from CCOK regarding the risk characteristics of this population.

### Projected Risk Adjustments PMPM

The risk score for the plan's experience is projected to be approximately 19% under the expected state average risk score in CY2019. The estimates of relative risk and risk transfer payments are highly dependent on the population that enrolls with CCOK but also with other carriers in the state.

CCOK's average risk is projected to be under the state average risk level. As a result, premium levels have been set at the anticipated state average risk level with the expectation that a portion of this premium will be paid to those carriers with higher risk levels.

The anticipated risk transfer payments, net of risk adjustment fees assumed to be \$0.15 PMPM for CY2019, are applied to the Index Rate as a market level adjustment. The overall impact of projected net risk adjustment transfers is a premium increase of \$66.17 PMPM, which is applied as a market level adjustment of \$96.88 PMPM.

### Projected ACA Reinsurance Recoveries Net of Reinsurance Premium

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program is not expected to continue in 2019, we assume that reinsurance contributions and reinsurance recoveries will be zero. As a result, we did not project any federal transitional reinsurance contributions or recoveries for 2019.

## EXHIBIT 10. NON-BENEFIT EXPENSES AND PROFIT & RISK (REDACTED)

## EXHIBIT 11. PROJECTED LOSS RATIO (REDACTED)

The projected medical loss ratio (MLR) is 90.1%. This loss ratio is calculated based on the MLR methodology as prescribed by 45 CFR 158.

## EXHIBIT 12. SINGLE RISK POOL (REDACTED)

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



### EXHIBIT 13. INDEX RATE (REDACTED)

The Index Rate for the experience period is a measurement of the average allowed claims PMPM for EHB benefits. 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 CCOK received in the Single Risk Pool during the experience period. The experience period Index Rate has not been adjusted for payments and charges under the risk adjustment and reinsurance programs, or for Marketplace User Fees.

The experience period Index Rate is equal to the experience period total allowed claims PMPM minus the total non-EHB allowed claims PMPM.

Adult Vision coverage is offered by CCOK but is not an EHB. We identified adult vision claims and removed them from the experience period allowed claims to find the experience period Index Rate.

The Index Rate for the projection period is a measurement of the average allowed claims PMPM for EHB benefits. The Projection Period Index Rate reflects the projected CY2019 mixture of smoker/non-smoker population, area factors, catastrophic/non-catastrophic enrollment, and the projected mixture of risk morbidity that CCOK expects to receive in the Single Risk Pool. The Projection Period Index Rate has not been adjusted for payments and charges projected under the risk adjustment program or for Marketplace User Fees.

The Projection Period Index Rate is equal to the projected total allowed claims PMPM minus the total non-EHB allowed claims PMPM.

Adult Vision coverage will continue to be offered in 2019 and will be a non-EHB.

The following table summarizes the factors applied to the Experience Period Index Rate to determine the Projection Period Index Rate.

Description	Experience	Manual	Total
<b>2017 Allowed Claims PMPM</b>	\$473.20	\$0.00	
<b>Adjusted Allowed Claims PMPM</b>	\$556.47	\$0.00	
Credibility	100.00%	0.00%	100.00%
Projection Period Allowed Claims PMPM			\$556.47
Non-EHB Allowed Claims PMPM			\$3.78
<b>Projection Period EHB Allowed Claims PMPM</b>			<b>\$552.69</b>

### EXHIBIT 14. MARKET ADJUSTED INDEX RATES (REDACTED)

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

<b>Table 14.1</b> <b>CommunityCare HMO, Inc.</b> <b>Market Adjusted Index Rate Development</b>	
2019 Index Rate PMPM	\$552.69
<u>Market Adjustments (paid basis)</u>	
Net Risk Adjustment	\$66.17
Net Federal Transitional Reinsurance	\$0.00
Marketplace User Fees	\$0.00
Paid-to-Allowed Ratio	0.683
<u>Market Adjustments (allowed basis)</u>	
Net Risk Adjustment	\$96.88
Net Federal Transitional Reinsurance	\$0.00
Marketplace User Fees	\$0.00
<b>Market Adjusted Index Rate PMPM</b>	<b>\$649.57</b>

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 \$0.15.
- 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 RATE (REDACTED)

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

- Actuarial value and cost sharing adjustment
  - The CMS Actuarial Value Calculator was used to determine the AV metal value for each plan.
  - The AV and cost sharing pricing adjustment was developed utilizing a proprietary Milliman model. This model determined the plan benefit richness factors for the 2019 plans using a seriatim approach, which readjudicates CCOK's allowed claims experience trended to the projection period, for each set of benefits.
- Provider network, delivery system and utilization management adjustment
  - Network Adjustments do not apply to Individual HMO because CCOK only offers Individual plans on Select Network.
- Adjustment for benefits in addition to the EHBs
  - For 2019, adult vision coverage is offered by CCOK but is not an EHB.
- Adjustment for distribution and administrative costs
  - Adjustment is developed to indicate the impact of non-benefit expenses.
- 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, effect of tobacco loads applied to the expected catastrophic population, and the expected risk score specific to that population.

The following table demonstrates the Plan Adjusted Index Rate development for each plan in the projection period:

Table 15.1 CommunityCare HMO, Inc. Projection Period Plan Adjusted Index Rate Development								
Plan Name	HIOS ID	Market Adjusted Index Rate	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Excl. Marketplace User Fee	Catastrophic Eligibility	Plan Adjusted Index Rate
Silver 719 Select	98905OK0130025	\$649.57						\$595.71
Silver 1119 Select	98905OK0130026	\$649.57						\$588.70
Silver 1519 Select	98905OK0130027	\$649.57						\$569.92
Bronze 319 Select	98905OK0130028	\$649.57						\$456.37
Bronze 519 Select	98905OK0130029	\$649.57						\$400.38
Catastrophic	98905OK0130024	\$649.57						\$307.09

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

## 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, geographic, and tobacco use 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 46. The weighted average age curve calibration factor is 1.500.

In order to determine the calibration factor for age, the projected distribution of members by age was determined. Then the weighted average calibration factor was determined and matched to the closest age and corresponding factor on the curve. 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. A development of the age curve calibration factor is given below as Table 16.2.

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

### Geographic Factor Calibration

CCOK does not apply an area adjustment to this population.

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

### Tobacco Factor Calibration

CCOK will charge a tobacco surcharge for smokers. This adjustment has been developed so that the resulting Plan Adjusted Index Rate excludes the cost expected to be recouped through the tobacco surcharge.

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

The following tables demonstrate the calibration performed for each plan.

<b>Plan</b>	<b>HIOS ID</b>	<b>Plan Adjusted Index Rate</b>	<b>Age Calibration Factor</b>	<b>Tobacco Calibration Factor</b>	<b>Geographic Calibration Factor</b>	<b>Calibration Factor</b>	<b>Calibrated Plan Adjusted Index Rate</b>
Silver 719 Select	98905OK0130025	\$595.71	1.500	1.011	1.000	1.516	\$392.96
Silver 1119 Select	98905OK0130026	\$588.70	1.500	1.011	1.000	1.516	\$388.34
Silver 1519 Select	98905OK0130027	\$569.92	1.500	1.011	1.000	1.516	\$375.95
Bronze 319 Select	98905OK0130028	\$456.37	1.500	1.011	1.000	1.516	\$301.05
Bronze 519 Select	98905OK0130029	\$400.38	1.500	1.011	1.000	1.516	\$264.11
Catastrophic	98905OK0130024	\$307.09	1.500	1.011	1.000	1.516	\$202.58

**EXHIBIT 16. CALIBRATION**

<b>Table 16.2</b> <b>CommunityCare HMO, Inc.</b> <b>Development of Age Calibration Factor</b>		
<b>Age Band</b>	<b>Rating Factors</b>	<b>Membership Distribution</b>
0-14 (1-3)	0.765	17.98%
0-14 (4+)	0.000	2.83%
15-20	0.899	7.46%
21-24	1.000	3.15%
25-29	1.060	8.19%
30-34	1.178	7.20%
35-39	1.238	6.73%
40-44	1.338	6.21%
45-49	1.583	6.94%
50-54	1.956	7.62%
55-59	2.441	10.10%
60-63	2.853	11.94%
64+	3.000	3.65%
Composite Rating Factor:		1.500

## 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, family, or small employer group 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.

CCOK's CY2019 age and tobacco rating factors are shown below. The age rating factors used by CCOK 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 CommunityCare HMO, Inc. Age and Tobacco Factors						
Age Band	Age Rating Factor	Tobacco Factor		Age Band	Age Rating Factor	Tobacco Factor
0-14	0.765	1.000		40	1.278	1.150
15	0.833	1.000		41	1.302	1.150
16	0.859	1.000		42	1.325	1.150
17	0.885	1.000		43	1.357	1.150
18	0.913	1.150		44	1.397	1.150
19	0.941	1.150		45	1.444	1.150
20	0.970	1.150		46	1.500	1.150
21	1.000	1.150		47	1.563	1.150
22	1.000	1.150		48	1.635	1.150
23	1.000	1.150		49	1.706	1.150
24	1.000	1.150		50	1.786	1.150
25	1.004	1.150		51	1.865	1.150
26	1.024	1.150		52	1.952	1.150
27	1.048	1.150		53	2.040	1.150
28	1.087	1.150		54	2.135	1.150
29	1.119	1.150		55	2.230	1.150
30	1.135	1.150		56	2.333	1.150
31	1.159	1.150		57	2.437	1.150
32	1.183	1.150		58	2.548	1.150
33	1.198	1.150		59	2.603	1.150
34	1.214	1.150		60	2.714	1.150
35	1.222	1.150		61	2.810	1.150
36	1.230	1.150		62	2.873	1.150
37	1.238	1.150		63	2.952	1.150
38	1.246	1.150		64+	3.000	1.150
39	1.262	1.150				

CCOK does not differentiate rates by geographical area for this line of business.

Table 17.2 CommunityCare HMO, Inc. Geographic Rating Factors	
Area	Area Rating Factor
Rating Area 1 (Sequoyah, La Flore)	n/a
Rating Area 2	n/a
Rating Area 3 (Oklahoma City)	1.000
Rating Area 4 (Tulsa)	1.000
Rating Area 5 (Rural Oklahoma)	1.000

## EXHIBIT 17. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

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.

<b>Table 17.3</b> <b>CommunityCare HMO, Inc.</b> <b>Sample Consumer Adjusted Premium Rate Development</b>	
Silver 719 Select - 98905OK0130025	
Calibrated Plan Adjusted Index Rate	\$392.96
Age: 45	1.444
Area: 3	1.000
Tobacco Status: Tobacco User	1.150
<b>Consumer Adjusted Premium Rate</b>	<b>\$652.55</b>

## EXHIBIT 18. AV METAL VALUES

The AV metal values included in Worksheet 2 are entirely based on the AV Calculator. Table 18.1 below summarizes these values for each product.

Table 18.1 CommunityCare HMO, Inc. Actuarial Values			
Plan	HIOS ID	Actuarial Value	Source
Silver 719 Select	98905OK0130025	0.718	Federal AV Calculator
Silver 1119 Select	98905OK0130026	0.705	Federal AV Calculator
Silver 1519 Select	98905OK0130027	0.711	Federal AV Calculator
Bronze 319 Select	98905OK0130028	0.628	Federal AV Calculator
Bronze 519 Select	98905OK0130029	0.606	Federal AV Calculator
Catastrophic	98905OK0130024	0.606	Federal AV Calculator



### EXHIBIT 19. AV PRICING VALUES (REDACTED)

The following table summarizes all of the adjustments included in the AV Pricing Value:

Table 19.1 CommunityCare HMO, Inc. AV Pricing Values							
Plan Name	HIOS ID	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Excl. Marketplace User Fee	Catastrophic Eligibility	AV Pricing Value
Silver 719 Select	98905OK0130025						0.917
Silver 1119 Select	98905OK0130026						0.906
Silver 1519 Select	98905OK0130027						0.877
Bronze 319 Select	98905OK0130028						0.703
Bronze 519 Select	98905OK0130029						0.616
Catastrophic	98905OK0130024						0.473

The AV Pricing Value represents the cumulative effect of the adjustments made by CCOK 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. Adjustments in utilization due to differences in cost sharing were based on the contractual adjustments from the HCGs. 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 (REDACTED)

## EXHIBIT 21. TERMINATED PRODUCTS

The following is a list of terminated plans.

Table 21.1 CommunityCare HMO, Inc. Terminated Plans and Products					
Product Name	Plan Name	HIOS ID	Plan Type	New Plan Mapping	
				Plan Name	HIOS ID
INDIVIDUAL METAL PLANS QHP A	CommunityCare Silver 12 Select	98905OK0130032	HMO	Silver 1519 Select	98905OK0130027
INDIVIDUAL METAL PLANS QHP A	CommunityCare Silver 13 Select	98905OK0130033	HMO	Silver 1519 Select	98905OK0130027
INDIVIDUAL METAL PLANS QHP A	CommunityCare Silver 14 Select	98905OK0130034	HMO	Silver 1119 Select	98905OK0130026
INDIVIDUAL METAL PLANS QHP A	CommunityCare Gold 8 Select	98905OK0130014	HMO	Silver 1519 Select	98905OK0130027
INDIVIDUAL METAL PLANS QHP A	CommunityCare Silver 6 Select	98905OK0130036	HMO	Silver 1119 Select	98905OK0130026
INDIVIDUAL METAL PLANS QHP A	CommunityCare Silver 8 Select	98905OK0130038	HMO	Silver 1119 Select	98905OK0130026

## EXHIBIT 22. PLAN TYPE

There are no differences between the plans of CCOK 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 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 CCOK. 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.

Below is a list of data we relied on for the CCOK 2019 rate development:

Historic and projected demographic information including age, regional, and plan enrollment differences between experience and projection periods

2017 and 2019 plan benefits

Claims and membership experience data

Fixed costs

Administrative expenses and profit targets

Differences by area and network

Pharmacy and medical contracts and reimbursement schedules

Historical data related to the development of the 2019 risk adjustment transfer

Medical trends

## EXHIBIT 26. ACTUARIAL CERTIFICATION

I am a Principal and Consulting Actuary with the firm of Milliman, Inc. CommunityCare HMO, 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 2019 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 plans.

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 2019 plan year premium rates in this actuarial memorandum are contingent upon the status of the ACA statutes and regulations including any regulatory guidance, court decisions, or otherwise. Changes have the potential to greatly impact the 2019 plan year premium rates provided in this Actuarial Memorandum. Changes include, but are not limited to, any legislative or regulatory amendment, court decision, or a decision by Congress, the Health and Human Services Secretary or the Centers for Medicare and Medicaid Services director to not fund cost-sharing reduction subsidies or advance premium tax credits. Milliman expresses no opinion with regard to the future funding of CSR payments.

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.

Signed:   
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Date: 10/3/2018