Part III Actuarial Memorandum

Montana Health CO-OP
Individual Rate Filing
Effective January 1, 2020

Prepared for:
Montana Health CO-OP

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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 Montana Health CO-OP's (MHC) individual block of business, effective January 1, 2020. 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 Montana Commissioner of Securities and Insurance, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of MHC'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.

As prescribed by Montana the premium rates developed and supported by this Actuarial Memorandum assume that Cost Share Reductions (CSR) will not be funded as is described in current regulations and guidance. Future modifications in legislation, regulation and/or court decisions may affect the extent to which the premium rates are neither excessive nor deficient. Montana Health CO-OP reserves the right to file revised rates in the event of changes to the regulatory environment in which they were developed.

Please note that the premium rates developed and supported by this Actuarial Memorandum also assume that the Section 1332 State Innovation Waiver creating a state-based reinsurance program in 2020 will be funded. Future modifications to the parameters proposed in the June 6, 2019 report and/or failure of the 1332 waiver to be funded may affect the extent to which the premium rates are neither excessive nor deficient. Montana Health CO-OP reserves the right to file revised rates in the event that the state reinsurance program is modified or cancelled.

Company Identifying Information

Company Legal Name: Montana Health CO-OP
State: The State of Montana has regulatory authority over these policies.
HIOS Issuer ID: 32225
Market: Individual
Effective Date: January 1, 2020

Company Contact Information

Primary Contact Name: Richard Miltenberger, CEO
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EXHIBIT 2. PROPOSED RATE CHANGES

Table 2.1 summarizes proposed rate changes by product effective January 1, 2020. The following are significant factors driving the proposed rate increases discussed below.

Table 2.1
Montana Health CO-OP
Breakdown of Proposed Rate Change

Description	Value
Average 2019 Calibrated Plan Adjusted Index Rate PMPM	$359.03
Estimated Changes in Morbidity & Mix	0.881
Trend (Medical Inflation & Increased Utilization)	1.073
Changes in Net Risk Adjustment Transfer Estimate	0.975
Changes in State Reinsurance	0.915
Changes in Benefits	1.006
Changes in Administrative Costs	1.004
Changes in Taxes & Fees (excluding market level fees)	1.018
Change in Market Levels Fee and Contributions	1.000
Changes in Profit and Risk Margin	1.017
Average 2020 Calibrated Plan Adjusted Index Rate PMPM	$316.38
Overall Rate Increase	**-11.9%**

Medical and Prescription Drug Inflation & Utilization Trend

Allowed claims costs were increased for anticipated changes due to medical/prescription drug inflation and increased medical/prescription drug utilization. Below are the percentage increases for these changes. These are reported in Worksheet 1, Section II of the URRT.

Table 2.2
Montana Health CO-OP
Unit Cost and Utilization Trend Assumptions

Service Type	Inflation	Utilization	Total
Inpatient Hospital	6.0%	1.0%	7.1%
Outpatient Hospital	7.0%	1.0%	8.1%
Professional	4.5%	1.5%	6.1%
Other Medical	4.5%	1.5%	6.1%
Capitation	0.0%	0.0%	0.0%
Prescription Drug	7.5%	1.0%	8.6%
Total			**7.3%**

New Taxes, Fees and Administrative Expenses

Changes to the overall premium level are needed because of required changes in federal/state taxes and fees. For example, the health insurer provider fee now applies in 2020. In addition, there are anticipated changes in the administrative expenses and commission arrangements. See Exhibit 10.6 for additional information on administrative expenses, taxes, and fees.

Prospective Benefit Changes

The following table shows a comparison of Paid to Allowed ratios by plan based on the CMS AV Calculators:

Table 2.3
Mountain Health CO-OP
AV Metal Levels

Plan	2020	2019
Connected Care Gold	81.5%	80.8%
Connected Care Silver	71.6%	71.2%
Connected Care Bronze	59.4%	58.6%
Connected Care Bronze Plus	62.0%	61.2%
Connected Care Silver Option 2	70.6%	69.5%
Connected Care Catastrophic	66.6%	65.5%
Connected Care Expanded Bron	64.5%	63.5%
Co-op Plus Gold	79.9%	N/A
Co-Op Plus Silver	69.4%	N/A
Co-Op Plus Bronze	59.7%	N/A

Note that the benefit adjustment was calculated based on plan specific benefit data; therefore, the premium adjustment varies by plan.

EXHIBIT 2. PROPOSED RATE CHANGES

Market Stabilization Program Changes

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program is not expected to continue in 2020, we assume that reinsurance contributions and reinsurance recoveries will be zero.

Anticipated Single Risk Pool Morbidity

The average morbidity of the single risk pool for Montana is anticipated to increase from that in the 2018 projection period based on the removal of the individual mandate penalty.

Rate Changes by Plan

The following table summarizes proposed rate changes by plan:

Table 2.4
Montana Health CO-OP
Summary of Proposed Rate Changes

Product	2019 Rate	2020 Rate	Rate Change
Connected Care Gold	$469.42	$410.74	-12.5%
Connected Care Silver	$443.91	$389.12	-12.3%
Connected Care Silver Option 2	$423.96	$377.23	-11.0%
Connected Care Bronze	$301.40	$265.18	-12.0%
Connected Care Bronze Plus	$320.87	$282.24	-12.0%
Connected Care Expanded Bronze	$317.38	$278.42	-12.3%
Connected Care Catastrophic	$248.32	$239.28	-4%

Rate changes vary by plan due to a combination of factors including shifts in benefit relativities, non-benefit expense allocation, and network changes.

Single Risk Pool

MHC 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 Montana individual health insurance market.

EXHIBIT 3. EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

The experience reported on Worksheet 1, Section I of the URRT shows MHC's earned premium, incurred and paid claims, and enrollment for the period of 1/1/2018 through 12/31/2018, with claims paid through 3/31/2019. Enrollment and premium are reported as of 3/31/2019.

Premiums in Experience Period

The premiums earned during the experience and as reported on Worksheet 1, Section I of the URRT are from MHC's financial statements for CY2018. The premiums are not adjusted for MLR rebates.

Method for Determining Allowed Claims

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

Table 3.1
Montana Health CO-OP
Experience Enrollment, Allowed Claims, and Premium

Month	Enrollment	Total Billed Premiums	Allowed Medical	Medical Compl. Factor	Estimated Medical	Allowed Rx	Rx Compl. Factor	Estimated Rx	Allowed Capitation	Total Claims Including IBNR
Jan 18	23,957	$13,411,510	$7,314,408	0.999	$7,318,519	$945,636	1.000	$945,636	$5,645	$8,269,799
Feb 18	23,664	$13,380,182	$6,791,793	0.994	$6,830,770	$961,353	1.000	$961,353	$6,838	$7,798,961
Mar 18	23,290	$13,684,164	$7,332,350	0.991	$7,400,569	$1,187,087	1.000	$1,187,087	$6,532	$8,594,188
Apr 18	22,954	$12,817,568	$7,019,861	0.988	$7,106,543	$1,167,080	1.000	$1,167,080	$6,552	$8,280,175
May 18	22,519	$13,050,239	$7,516,726	0.981	$7,662,877	$1,288,391	1.000	$1,288,391	$6,442	$8,957,711
Jun 18	22,332	$12,316,759	$7,547,484	0.979	$7,706,076	$1,137,064	1.000	$1,137,064	$6,397	$8,849,537
Jul 18	22,175	$12,679,866	$6,890,852	0.968	$7,118,861	$1,160,924	1.000	$1,160,924	$6,430	$8,286,215
Aug 18	22,034	$12,438,405	$7,758,535	0.955	$8,121,325	$1,318,439	1.000	$1,318,439	$6,436	$9,446,200
Sep 18	21,869	$12,759,324	$7,021,602	0.947	$7,416,912	$1,167,595	1.000	$1,167,595	$6,471	$8,590,977
Oct 18	21,736	$11,907,717	$8,986,992	0.929	$9,675,149	$1,388,937	1.000	$1,388,937	$6,508	$11,070,593
Nov 18	21,624	$12,453,046	$8,659,638	0.895	$9,678,535	$1,270,517	1.000	$1,270,517	$6,697	$10,955,750
Dec 18	21,305	$12,722,407	$7,369,372	0.847	$8,701,581	$1,306,083	1.000	$1,306,083	$6,759	$10,014,422
Total	**269,459**	**$153,621,187**	**$90,209,614**	**0.952**	**$94,737,717**	**$14,299,104**	**1.000**	**$14,299,104**	**$77,708**	**$109,114,529**

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 capitated claims.

Method for Determining Paid Claims

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

Table 3.2
Montana Health CO-OP
Experience Enrollment, Incurred Claims, and Premium by Product

Month	Enrollment	Total Billed Premiums	Incurred Medical	Medical Compl. Factor	Estimated Medical	Incurred Rx	Rx Compl. Factor	Estimated Rx	Incurred Capitation	Total Claims Including IBNR
Jan 18	23,957	$13,411,510	$5,234,941	0.999	$5,237,883	$555,756	1.000	$555,756	$5,645	$5,799,284
Feb 18	23,664	$13,380,182	$4,889,983	0.994	$4,918,046	$666,569	1.000	$666,569	$6,838	$5,591,452
Mar 18	23,290	$13,684,164	$5,289,454	0.991	$5,338,666	$882,534	1.000	$882,534	$6,532	$6,227,733
Apr 18	22,954	$12,817,568	$5,261,490	0.988	$5,326,459	$880,570	1.000	$880,570	$6,552	$6,213,582
May 18	22,519	$13,050,239	$5,732,006	0.981	$5,843,456	$1,015,961	1.000	$1,015,961	$6,442	$6,865,859
Jun 18	22,332	$12,316,759	$5,977,504	0.979	$6,103,107	$905,228	1.000	$905,228	$6,397	$7,014,732
Jul 18	22,175	$12,679,866	$5,422,734	0.968	$5,602,165	$931,701	1.000	$931,701	$6,430	$6,540,296
Aug 18	22,034	$12,438,405	$6,189,482	0.955	$6,478,903	$1,095,059	1.000	$1,095,059	$6,436	$7,580,399
Sep 18	21,869	$12,759,324	$5,659,604	0.947	$5,978,235	$984,824	1.000	$984,824	$6,471	$6,969,529
Oct 18	21,736	$11,907,717	$7,311,533	0.929	$7,871,396	$1,182,323	1.000	$1,182,323	$6,508	$9,060,226
Nov 18	21,624	$12,453,046	$7,225,521	0.895	$8,075,679	$1,083,476	1.000	$1,083,476	$6,697	$9,165,853
Dec 18	21,305	$12,722,407	$6,089,677	0.847	$7,190,547	$1,130,015	1.000	$1,130,015	$6,759	$8,327,321
Total	**269,459**	**$153,621,187**	**$70,283,929**	**0.950**	**$73,964,542**	**$11,314,016**	**1.000**	**$11,314,016**	**$77,708**	**$85,356,266**

EXHIBIT 3. EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

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 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 a combination of the projection method (for most recent months) and 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.

Capitation

Includes all services provided under one or more capitated arrangements. This was limited to pediatric vision services for this filing.

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

This section includes a description of trend factors used to project the experience period Index Rate to the projection period, and supporting information related to the development of those factors. For a demonstration of the trends, please see Table 2.2 in Exhibit 2. This section also includes a description of adjustment factors (other than trend) that are applied to the experience period Index Rate in order to develop the projected Index Rate, and supporting information related to the development of those factors.

Trend Factors (Cost/Utilization)

This development of the CY2020 rates reflects an annual trend rate of 7.3%, which was developed using the following data source and methodology:

The trend factors reflect MHC's expectations regarding increases in in-network contractual reimbursement and the impact of trends in both projected in-network and out-of-network costs. The prescription drug trends reflect changes in the drug formulary, expiration of drug patents and introduction of new drugs. Table 2.2 documents MHC's projected trends by category. The factors only reflect trend applicable to the single risk pool; they have been normalized and/or adjusted when appropriate to account for other changes such as changes in age, benefit changes, seasonality patterns, and non-recurring events. They were developed based on Milliman HCGs and a review of MHC experience.

Morbidity Adjustment

We used the following data source(s) and methodology in order to estimate the changes in the morbidity of the experience population and the projected population, as shown in the Morbidity Adjustment row of Worksheet 1, Section II of the URRT:

- Actual 2017 and 2018 MHC experience
- Emerging 2019 MHC experience

An increase to the CY2018 morbidity of 16.3% was applied to reflect the removal of the individual mandate penalty. This was estimated based on internal models of market morbidity changes due to the removal of the individual mandate, a review of morbidity factors from availably rate filings, and actuarial judgement. Because the factors were based on national models adjusted to Montana, it is applicable to the single risk pool. The allowed and incurred costs for 2020 were also adjusted to account for terminations of plans and the addition of new plans between 2018 and 2020.

The following table shows the two components that make up the 16.3% adjustment.

Table 5.1
Montana Health CO-OP
Morbidity Factor

Item	Factor
Historical Enrollment Drop Impact	1.098
Addtl Mandate Selection Impact	1.059
Total	**1.163**

Demographic Shift

Our rate projection is based on CY2018 experience, and reflects the average demographics and geographic mix of the CY2018 enrollees. Our development of the CY2020 Index Rate reflects the anticipated differences in the demographic and geographic mix of the population, as compared to the CY2018 experience period. Table 5.1 illustrates the factor associated with each demographic change.

Table 5.2
Montana Health CO-OP
Demographic Shift Factor

Item	Factor
Change in Age Mix	0.998
Change in Geographic Mix	0.998
Demographic Shift Factor	**0.996**

EXHIBIT 5. PROJECTION FACTORS

Plan Design Changes

We made the following adjustments to reflect the expected differences in benefits between the experience period and projection period, as shown in the Plan Design Changes row of Worksheet 1, Section II of the URRT:

- We reflected anticipated changes in the average utilization of services due to differences in average cost sharing requirements during the experience period and average cost sharing requirements in the projection period.

We used Milliman's Health Cost Guidelines (HCGs), in conjunction with the historical experience of MHC's individual block of business, in order to estimate the benefit change for the item listed above. Table 5.2 illustrates the components of this factor.

Table 5.3
Montana Health CO-OP
Plan Design Change Factor

Item	Factor
Change in Metallic Util.	1.002
Change in CSR Util.	1.000
Plan Design Change Factor	**1.002**

Other Adjustments

The Other row of Worksheet 1, Section II contains additional adjustments from those described above. These adjustments have been made to recognize the additional anticipated changes in claims experience between the base period and the projection period. Table 5.3 shows the components of this factor.

Table 5.4
Montana Health CO-OP
Other Factor

Item	Factor
Change in Med. Mgmt.	0.995
Change in Provider Reimb.	1.004
Change in Cat. Elig.	0.999
Change in Capitation	1.000
Rx Rebates	0.981
Other Factor	**0.980**

EXHIBIT 6. MANUAL RATE ADJUSTMENTS

Not applicable. MHC's experience in the base period is fully credible, for the purposes of the rate projection.

EXHIBIT 7. CREDIBILITY OF EXPERIENCE

Description of the Credibility Method Used

Based on the Milliman study "Commercial Credibility Guidance," we specified 66,000 member months as 100% credible. The following formula was used for determination of partial credibility:

(n / 66,000)^(1/2) 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 partial credibility.

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:

Table 7.1
Montana Health CO-OP
Credibility of Base Experience

Description	Value	Annotation
Member Months - Base Experience	269,459	(a)
Full Credibility Threshold - Member Months	66,000	(b)
% Base Experience in the Manual Rate	0%	(c)
Credibility of Base Experience (no adjustment)	100%	(d) = Min{sqrt[(a)/(b)],1}
Adjusted Credibility of Base Experience	**100%**	(e) = [(d)-(c)] / [1-(c)]

EXHIBIT 8. ESTABLISHING THE INDEX RATE

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 MHC received in the Single Risk Pool during the experience period. There were no additional benefits offered beyond the EHB benefits. The experience period Index Rate has not been adjusted for payments and charges under the risk adjustment and reinsurance programs, or for Exchange User Fees.

The experience period Index Rate is equal to the experience period total allowed claims PMPM since there are no benefits that were offered beyond the EHB benefits.

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 CY2020 mixture of smoker/non-smoker population, area factors, catastrophic/non-catastrophic enrollment, and the projected mixture of risk morbidity that MHC expects to receive in the Single Risk Pool. There were no additional benefits offered beyond the EHB benefits. The Projection Period Index Rate has not been adjusted for payments and charges projected under the risk adjustment program or for Exchange User Fees.

The Projection Period Index Rate is equal to the projected total allowed claims PMPM since there are no benefits offered beyond the EHB benefits.

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

Table 8.1
Montana Health CO-OP
Projection Period Index Rate Development

Description	Experience
2018 Allowed Claims PMPM	$404.94
Single Risk Pool Adjustments	
2-year Trend to Projection Period	**1.152**
Morbidity Adjustment	**1.163**
Historical Enrollment Drop Impact	**1.098**
Additional Mandate Selection Impact	**1.059**
Demographic Shift	**0.996**
Change in Age Mix	**0.998**
Change in Tobacco Mix	**1.000**
Change in Geographic Mix	**0.998**
Plan Design Changes	**1.002**
Change in CSR Util.	**1.000**
Change in Metallic Util.	**1.002**
Other	**0.980**
Change Medical Management	**0.995**
Change in Provider Reimb.	**1.004**
Change in Cat. Elig.	**0.999**
Rx Rebates	**0.981**
Adjusted Allowed Claims PMPM	**$530.39**
Credibility	100.00%
Projection Period EHB Allowed Claims PMPM	**$530.39**

EXHIBIT 9. DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

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

Table 9.1
Montana Health CO-OP
Market-Wide Adjusted Index Rate Development

2020 Index Rate PMPM	$530.39
Market-Wide Adjustments (paid basis)	
Risk Adjustment Transfer Amount	$118.50
Net State Reinsurance	-$47.33
Exchange User Fees	$15.79
Paid-to-Allowed Ratio	0.756
Market-Wide Adjustments (allowed basis)	
Risk Adjustment Transfer Amount	$156.71
Net State Reinsurance	-$62.60
Exchange User Fees	$20.88
Market-Wide Adjusted Index Rate PMPM	**$645.39**

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

Each of the above modifiers were developed as follows:

- Risk Adjustment Transfer Amount
  This factor includes the impact of the estimated risk adjustment transfer payment as addressed in a subsequent section of this Exhibit.

- Net State/Federal Reinsurance
  The State has established a 1332 waiver which created a statewide resinsurance program. We have taken into consideration the state 1.2% reinsurance premium and estimated the recoveries based on the reinsurance parameters, which are reflected above. This factor is $0, since the Transitional Reinsurance program ended in 2016.

- Exchange User Fee Adjustment
  The Exchange User Fee adjustment was determined as the average of no fee and the Exchange User Fee, weighted using the expected distribution of issuer enrollment sold on versus off the Exchange.

Projected Reinsurance Recoveries

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program is not expected to continue in 2020, 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 2020.

Experience Period Risk Adjustments PMPM

The following methodology was used to estimate final risk adjustment transfers for CY2018:

The experience period risk adjustment transfer amount was calculated using the HHS risk adjuster formula. Factors calculated for MHC and the State are based on the July 9, 2018 Summary Report on Permanent Risk Adjustment Transfers for the 2017 Benefit Year published by the HHS Center for Consumer Information and Insurance Oversight. The projected CY2018 risk adjustment transfer is a payment of $118.64 PMPM from MHC.

EXHIBIT 9. DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

Table 9.1 Illustrates the calculation of the expected risk adjustment transfer payment amount (excluding risk adjustment fees), using the HHS risk adjuster formula:

Table 9.2
Montana Health CO-OP
Experience Period Risk Adjustment Transfer

Market	RA PMPM	Billable MMs	Final RA Transfer
Individual	(119.84)	265,338	(31,797,475)
Catastrophic	(41.24)	4,121	(169,940)
Total	**($118.64)**	**269,459**	**($31,967,415)**

Projected Risk Adjustments PMPM

The risk score for the plan's experience is projected to be under the expected state average risk score in CY2020. The estimates of relative risk and risk transfer payments are highly dependent on the population that enrolls with MHC but also with other carriers in the state.

MHC'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, excluding the risk adjustment fees assumed to be $3.39 PMPM for CY2020, are applied to the Index Rate as a market level adjustment. The overall impact of projected risk adjustment transfers is a premium increase of $118.50 PMPM, which is applied as a market level adjustment of $156.71 PMPM.

Paid to Allowed Ratios

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

Table 9.3
Montana Health CO-OP
Average Paid to Allowed Factor Support

Metal Level	Member Months	Paid Claims PMPM	Allowed Claims PMPM	Paid-to-Allowed Ratio	AV Metal Value
Platinum	N/A	N/A	N/A	N/A	N/A
Gold	11,842	$534.37	$655.42	0.815	81.3%
Silver	83,045	$492.38	$554.88	0.887	70.7%
Bronze	150,858	$343.60	$510.97	0.672	61.9%
Catastrophic	2,985	$99.81	$154.87	0.644	66.6%
Total	**248,730**	**$399.43**	**$528.23**	**0.756**	**66.1%**

The projected paid and allowed claims reflect the member month weighted average by metal level from Worksheet 2, Section IV of the URRT. The average AV metal value is based on AVs calculated using the federal AV calculator, weighted on projected allowable cost by metal level.

The Paid-to-Allowed ratio for the silver plans reflects the assumption that CSR payments will not be made for CSR plans. The AV Metal Value is the AV for non-CSR silver plans.

EXHIBIT 10. PLAN ADJUSTED INDEX RATE

The Market-Wide

- 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 the HCGs. Relativities between plans were based on the differences in cost and utilization for varying levels of cost sharing.
- Provider network, delivery system and utilization management adjustment
  - Expected differences in claims costs due to differences in provider networks and/or utilization management were determined based on discussions with MHC.
- Adjustment for benefits in addition to the EHBs
  - Not Applicable
- Adjustment for distribution and administrative costs
  - Adjustment is developed to indicate the impact of non-benefit expenses. This adjustment may differ by plan due to the relative impact of administrative costs that are developed as a PMPM rather than as a 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, 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 10.1
Montana Health CO-OP
Projection Period Plan Adjusted Index Rate Development

Plan Name	HIOS ID	Market-Wide Adjusted Index	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Excl. Exchange User Fee	Cat. Eligibility	Plan Adjusted Index Rate
Connected Care Gold	32225MT0090001	$645.39	1.002	1.001	1.000	1.118	1.000	$724.29
Connected Care Silver	32225MT0090002	$645.39	0.946	1.001	1.000	1.122	1.000	$686.15
Connected Care Bronze	32225MT0090003	$645.39	0.623	1.001	1.000	1.162	1.000	$467.61
Connected Care Bronze Plus	32225MT0090004	$645.39	0.667	1.001	1.000	1.154	1.000	$497.69
Connected Care Silver Option 2	32225MT0090005	$645.39	0.915	1.001	1.000	1.125	1.000	$665.19
Connected Care Catastrophic	32225MT0090006	$645.39	0.429	1.001	1.000	1.432	1.062	$421.94
Connected Care Expanded Bronze	32225MT0090007	$645.39	0.657	1.001	1.000	1.156	1.000	$490.96
Co-op Plus Gold	32225MT0060004	$645.39	1.007	0.988	1.000	1.119	1.000	$718.58
Co-op Plus Silver	32225MT0060005	$645.39	0.958	0.988	1.000	1.123	1.000	$685.83
Co-op Plus Bronze	32225MT0060006	$645.39	0.627	0.988	1.000	1.163	1.000	$465.17

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

The components of the AV & Cost Sharing factor shown in Table 10.1 are as follows:

Table 10.2
Mountain Health CO-OP
AV & Cost Sharing Development

Plan Name	HIOS ID	Actuarial Value	CSR Shortfall Adjustment	Plan Design Utilization	Tobacco Surcharge	AV & Cost Sharing
Connected Care Gold	32225MT0090001	0.811	1.000	1.236	1.000	1.002
Connected Care Silver	32225MT0090002	0.680	1.330	1.046	1.000	0.946
Connected Care Bronze	32225MT0090003	0.646	1.000	0.963	1.000	0.623
Connected Care Bronze Plus	32225MT0090004	0.693	1.000	0.963	1.000	0.667
Connected Care Silver Option 2	32225MT0090005	0.658	1.330	1.046	1.000	0.915
Connected Care Catastrophic	32225MT0090006	0.682	1.000	0.630	1.000	0.429
Connected Care Expanded Bronze	32225MT0090007	0.682	1.000	0.963	1.000	0.657
Co-op Plus Gold	32225MT0060004	0.815	1.000	1.235	1.000	1.007
Co-op Plus Silver	32225MT0060005	0.689	1.330	1.046	1.000	0.958
Co-op Plus Bronze	32225MT0060006	0.652	1.000	0.963	1.000	0.627

The plan design utilization factor was based on MHC experience for CY2018. In order to remove the impacts of potential health status differences in MHC's experience, we considered the risk adjusted loss ratios by plan.

EXHIBIT 10. PLAN ADJUSTED INDEX RATE

The components of the Admin Costs Excluding Marketplace User Fee factor shown in Table 10.1 are as follows:

Table 10.3
Mountain Health CO-OP
Admin Excl Marketplace User Fee Factor Development

Plan Name	HIOS ID	Admin Costs (A)	Taxes & Fees (B)	Profit & Risk Load (C)	Admin Costs Factor 1+(A)+(B) +(C)
Connected Care Gold	32225MT0090001	0.07	0.02	0.03	1.118
Connected Care Silver	32225MT0090002	0.07	0.02	0.03	1.122
Connected Care Bronze	32225MT0090003	0.11	0.02	0.04	1.162
Connected Care Bronze Plus	32225MT0090004	0.10	0.02	0.03	1.154
Connected Care Silver Option 2	32225MT0090005	0.07	0.02	0.03	1.125
Connected Care Catastrophic	32225MT0090006	0.34	0.03	0.06	1.432
Connected Care Expanded Bronze	32225MT0090007	0.10	0.02	0.03	1.156
Co-op Plus Gold	32225MT0090007	0.07	0.02	0.03	1.119
Co-op Plus Silver	32225MT0090007	0.07	0.02	0.03	1.123
Co-op Plus Bronze	32225MT0090007	0.110	0.018	0.035	1.163

Table 10.4 shows the plan adjusted index rates if the state reinsurance program were not funded.

Table 10.4
Montana Health CO-OP
Projection Period Plan Adjusted Index Rate Development (No State Reinsurance)

Plan Name	HIOS ID	Market-Wide Adjusted Index	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Excl. Exchange User Fee	Cat. Eligibility	Plan Adjusted Index Rate
Connected Care Gold	32225MT0090001	$709.86	1.000	1.001	1.000	1.110	1.000	$789.54
Connected Care Silver	32225MT0090002	$709.86	0.944	1.001	1.000	1.114	1.000	$747.97
Connected Care Bronze	32225MT0090003	$709.86	0.624	1.001	1.000	1.150	1.000	$509.74
Connected Care Bronze Plus	32225MT0090004	$709.86	0.668	1.001	1.000	1.143	1.000	$542.53
Connected Care Silver Option 2	32225MT0090005	$709.86	0.914	1.001	1.000	1.117	1.000	$725.12
Connected Care Catastrophic	32225MT0090006	$709.86	0.439	1.001	1.000	1.388	1.060	$459.95
Connected Care Expanded Bronze	32225MT0090007	$709.86	0.658	1.001	1.000	1.144	1.000	$535.19
Co-op Plus Gold	32225MT0060004	$709.86	1.005	0.988	1.000	1.111	1.000	$783.32
Co-op Plus Silver	32225MT0060005	$709.86	0.957	0.988	1.000	1.114	1.000	$747.62
Co-op Plus Bronze	32225MT0060006	$709.86	0.628	0.988	1.000	1.151	1.000	$507.08

Experience Period Plan Adjusted Index Rates

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

Table 10.5
Montana Health CO-OP
Experience Period Plan Adjusted Index Rate Development

Plan Name	HIOS ID	Market-Wide Adjusted Index	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Excl. Exchange User Fee	Cat. Eligibility	Plan Adjusted Index Rate
Connected Care Gold	32225MT0090001	$704.08	1.036	0.991	1.000	1.111	1.000	$803.62
Connected Care Silver	32225MT0090002	$704.08	0.928	0.991	1.000	1.120	1.000	$725.20
Connected Care Bronze	32225MT0090003	$704.08	0.588	0.991	1.000	1.166	1.000	$478.84
Connected Care Bronze Plus	32225MT0090004	$704.08	0.622	0.991	1.000	1.159	1.000	$503.56
Connected Care Silver Option 2	32225MT0090005	$704.08	0.869	0.991	1.000	1.125	1.000	$682.63
Connected Care Catastrophic	32225MT0090006	$704.08	0.466	0.991	1.000	1.377	0.800	$358.34
Connected Care Expanded Bronze	32225MT0090007	$704.08	0.619	0.991	1.000	1.160	1.000	$501.10
Access Care Gold	32225MT0080001	$704.08	1.025	1.105	1.000	1.105	1.000	$881.60
Access Care Silver	32225MT0080002	$704.08	0.937	1.105	1.000	1.111	1.000	$810.34
Access Care Bronze	32225MT0080003	$704.08	0.605	1.105	1.000	1.150	1.000	$541.58
Access Care Bronze Plus	32225MT0080004	$704.08	0.638	1.105	1.000	1.144	1.000	$568.07
Access Care Expanded Bronze	32225MT0080005	$704.08	0.647	1.105	1.000	1.143	1.000	$575.85

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

EXHIBIT 10. PLAN ADJUSTED INDEX RATE

Non-Benefit Expenses, Profit, and Risk

The following table summarizes retention components included in rate development.

Table 10.6
Montana Health CO-OP
Illustration of Administrative Expenses by URRT, Worksheet 1 Category

Retention Description	PMPM	% Premium	Basis	Annotation
Administrative Expense Load				
General Admin	$17.70	3.17%	PMPM	(1)
Commission	$2.38	0.43%	PMPM	(2)
Commercial Reinsurance Recoveries	-$2.18	-0.39%	PMPM	(3)
Commercial Reinsurance Premiums	$2.90	0.52%	PMPM	(4)
Quality Improvement	$1.68	0.30%	PMPM	(5)
TPA Fees	$20.56	3.69%	PMPM	(6)
Network Fees	$0.17	0.03%	PMPM	(7)
Enrollment and Billing	$1.44	0.26%	PMPM	(8)
Subtotal: Admin Expense Load	**$44.64**	**8.00%**		**(9)=sum[1 to 8]**
Profit and Risk Load				
Target Post-Tax Profit	$16.82	3.01%	% Premium	(10)
Subtotal: Profit and Risk Load	**$16.82**	**3.01%**		**(11) = (10)**
Taxes and Fees				
Risk Adjustment Admin Fee	$3.39	0.61%	PMPM Spread	(12)
Health Insurance Provider Fee	$5.11	0.92%	% Premium	(13)
Subtotal: Taxes and Fees	**$8.49**	**1.52%**		**(14) = (12) + (13)**
Total Retention	**$69.96**	**12.54%**		**(15) = (9) + (11) + (14)**

The Administrative Expense Loads and the Profit and Risk Loads shown above were provided by MHC based on company specific information.

Due to the presence of PMPM administrative expense items, the administrative expense load as a percent of premium varies by plan:

Table 10.7
Montana Health CO-OP
Administrative Load by Plan

Plan	HIOS ID	% Premium	$ PMPM
Connected Care Gold	32225MT0090001	13.5%	$98.10
Connected Care Silver	32225MT0090002	13.8%	$95.29
Connected Care Bronze	32225MT0090003	16.9%	$79.16
Connected Care Bronze Plus	32225MT0090004	16.3%	$81.38
Connected Care Silver Option 2	32225MT0090005	14.0%	$93.74
Connected Care Catastrophic	32225MT0090006	25.7%	$62.58
Connected Care Expanded Bronze	32225MT0090007	16.4%	$80.88
Co-op Plus Gold	32225MT0060004	13.5%	$97.68
Co-op Plus Silver	32225MT0060005	13.8%	$95.26
Co-op Plus Bronze	32225MT0060006	16.9%	$78.98

EXHIBIT 11. CALIBRATION

A single calibration factor is applied to the Plan Adjusted Index Rates from Exhibit 10 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 50. The weighted average age curve calibration factor is 1.750.

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. A development of the age curve calibration factor is given below as Table 11.2.

Additional information regarding the age curve can be found on Exhibit 12.

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 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 geography calibration factor.

Additional information regarding the area rating factors can be found on Exhibit 12.

Tobacco Factor Calibration

MHC 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 12.

The following tables demonstrate the calibration performed for each plan.

Table 11.1
Montana Health CO-OP
Calibrated Plan Adjusted Index Rate Development

Plan	HIOS ID	Plan Adjusted Index Rate	Age Calibration Factor	Tobacco Calibration Factor	Geographic Calibration Factor	Calibration Factor	Calibrated Plan Adjusted Index Rate
Connected Care Gold	32225MT0090001	$724.29	1.750	1.008	1.000	1.763	$410.74
Connected Care Silver	32225MT0090002	$686.15	1.750	1.008	1.000	1.763	$389.12
Connected Care Bronze	32225MT0090003	$467.61	1.750	1.008	1.000	1.763	$265.18
Connected Care Bronze Plus	32225MT0090004	$497.69	1.750	1.008	1.000	1.763	$282.24
Connected Care Silver Option 2	32225MT0090005	$665.19	1.750	1.008	1.000	1.763	$377.23
Connected Care Catastrophic	32225MT0090006	$421.94	1.750	1.008	1.000	1.763	$239.28
Connected Care Expanded Bronze	32225MT0090007	$490.96	1.750	1.008	1.000	1.763	$278.42
Co-op Plus Gold	32225MT0060004	$718.58	1.750	1.008	1.000	1.763	$407.51
Co-op Plus Silver	32225MT0060005	$685.83	1.750	1.008	1.000	1.763	$388.93
Co-op Plus Bronze	32225MT0060006	$465.17	1.750	1.008	1.000	1.763	$263.80

EXHIBIT 11. CALIBRATION

The following table demonstrates the calibration performed for each plan, assuming that the state reinsurance program were not funded. A rate template is provided for the no state reinsurance scenario as a supplemental file.

Table 11.2
Montana Health CO-OP
Calibrated Plan Adjusted Index Rate Development

Plan	HIOS ID	Plan Adjusted Index Rate	Age Calibration Factor	Tobacco Calibration Factor	Geographic Calibration Factor	Calibration Factor	Calibrated Plan Adjusted Index Rate
Connected Care Gold	32225MT0090001	$789.54	1.750	1.008	1.000	1.763	$447.75
Connected Care Silver	32225MT0090002	$747.97	1.750	1.008	1.000	1.763	$424.17
Connected Care Bronze	32225MT0090003	$509.74	1.750	1.008	1.000	1.763	$289.07
Connected Care Bronze Plus	32225MT0090004	$542.53	1.750	1.008	1.000	1.763	$307.67
Connected Care Silver Option 2	32225MT0090005	$725.12	1.750	1.008	1.000	1.763	$411.22
Connected Care Catastrophic	32225MT0090006	$459.95	1.750	1.008	1.000	1.763	$260.84
Connected Care Expanded Bronze	32225MT0090007	$535.19	1.750	1.008	1.000	1.763	$303.51
Co-op Plus Gold	32225MT0060004	$783.32	1.750	1.008	1.000	1.763	$444.22
Co-op Plus Silver	32225MT0060005	$747.62	1.750	1.008	1.000	1.763	$423.97
Co-op Plus Bronze	32225MT0060006	$507.08	1.750	1.008	1.000	1.763	$287.57

The following table summarizes the age rating factors and membership distribution.

Table 11.3
Montana Health CO-OP
Development of Age Calibration Factor

Age Band	Rating Factors	Membership Distribution
0-14	0.765	6.85%
15-20	0.902	3.34%
21-24	1.000	3.09%
25-29	1.058	8.92%
30-34	1.179	9.95%
35-39	1.240	9.36%
40-44	1.333	8.30%
45-49	1.573	8.17%
50-54	1.960	8.72%
55-59	2.436	13.72%
60-63	2.841	14.40%
64+	3.000	5.18%
	Composite Rating Factor:	1.750
	Age Calibration Factor:	**0.571**

EXHIBIT 12. 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.

MHC's CY2020 age and tobacco rating factors are shown below. The age rating factors used by MHC 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 12.1
Montana Health CO-OP
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	1.000		44	1.397	1.150
19	0.941	1.000		45	1.444	1.150
20	0.970	1.000		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				

MHC's CY2020 geographic rating factors are shown below. These factors were developed from historical market premium relativities by rating area. The geographic factors used incorporate differences in delivery costs (including unit cost and provider practice pattern differences) only, and do not reflect any difference in population morbidity.

Table 12.2
Montana Health CO-OP
Geographic Rating Factors

Area	Area Rating Factor
Rating Area 1	0.939
Rating Area 2	1.035
Rating Area 3	0.977
Rating Area 4	1.005

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.

EXHIBIT 12. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

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 12.3 Montana Health CO-OP Sample Consumer Adjusted Premium Rate Development	
Connected Care Gold	
Calibrated Plan Adjusted Index Rate	$410.74
Age: 45	1.444
Area: 1	0.939
Tobacco Status: Tobacco User	1.150
Consumer Adjusted Premium Rate	**$640.47**

EXHIBIT 13. PROJECTED LOSS RATIO

The projected medical loss ratio (MLR) is 90.7%. This loss ratio is calculated based on the MLR methodology as prescribed by 45 CFR 158.

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

Table 13.1
Montana Health CO-OP
Projected Federal Medical Loss Ratio

	2020 Individual Business
Member Months	248,732
MLR Numerator Calculations	
Paid Claims PMPM	$401.06
Claim-Related Retention (QI/Health IT) PMPM	$1.68
Prior Rebate	$0.00
Other Claim-Related Adjustments	$0.00
Risk Adjustment Paid (Received) PMPM	$118.50
Market Reinsurance Recoveries (Received) PMPM	-$47.33
MLR Numerator Calculations	**$473.91**
MLR Denominator Calculations	
Premium PMPM	$557.89
Other Premium-Related Adjustments	$0.00
Premium-Related Retention (Taxes & Fees) PMPM	$24.28
MLR Denominator	**$533.61**
Medical Loss Ratio	**88.8%**
Credibility Adjustment	**1.9%**
Cost Share Adjustment Factor	**100%**
Adjusted Medical Loss Ratio	**90.7%**

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

EXHIBIT 14. AV METAL VALUES

The AV metal values included in Worksheet 2 are entirely based on the AV Calculator. Table 14.1 below summarizes these values for each product.

Table 14.1
Montana Health CO-OP
Actuarial Values

Plan	HIOS ID	Actuarial Value	Source
Connected Care Gold	32225MT0090001	0.815	Federal AV Calculator
Connected Care Silver	32225MT0090002	0.716	Federal AV Calculator
Connected Care Bronze	32225MT0090003	0.594	Federal AV Calculator
Connected Care Bronze Plus	32225MT0090004	0.620	Federal AV Calculator
Connected Care Silver Option 2	32225MT0090005	0.706	Federal AV Calculator
Connected Care Catastrophic	32225MT0090006	0.666	Federal AV Calculator
Connected Care Expanded Bronze	32225MT0090007	0.645	Federal AV Calculator
Co-op Plus Gold	32225MT0060004	0.799	Federal AV Calculator
Co-op Plus Silver	32225MT0060005	0.694	Federal AV Calculator
Co-op Plus Bronze	32225MT0060006	0.597	Federal AV Calculator

EXHIBIT 15. MEMBERSHIP PROJECTIONS

The membership projections were developed based on 2019 enrollment and in conjunction with MHC's staff. Total member months projected for MHC in the 2020 Individual market is 248,732. The projections reflect the anticipated size of the 2020 individual market in Montana, both on and off the exchange, and market share anticipated by MHC's management.

We projected cost sharing reduction (CSR) eligibles by first estimating the breakdown by income (i.e., Federal Poverty Level – FPL) of the total individual market purchasing coverage. We assumed CSR eligibles will enroll in Silver plans that provide the richest benefits for which they are eligible.

Table 15.1
Montana Health CO-OP
Projected Enrollment (Member Months) by Benefit Level (Silver Plans)

Plan Name	HIOS ID	70%	73%	87%	94%	Total
Connected Care Silver	32225MT0090002	1,505	1,788	7,766	4,701	15,759
Connected Care Silver Option 2	32225MT0090005	4,936	6,772	29,412	17,805	58,925
Co-op Plus Silver	32225MT0060005	1,149	877	3,810	2,306	8,142

EXHIBIT 16. TERMINATED PRODUCTS

The following is a list of terminated products.

Table 16.1
Montana Health CO-OP
Terminated Plans and Products

Product Name	Plan Name	HIOS ID	Plan Type	Present in Experience	New Plan Mapping	
					Plan Name	HIOS ID
Access Care	Access Care Gold	32225MT0080001	PPO	Yes	Connected Care Gold	32225MT0090001
Access Care	Access Care Silver	32225MT0080002	PPO	Yes	Connected Care Silver	32225MT0090002
Access Care	Access Care Bronze	32225MT0080003	PPO	Yes	Connected Care Bronze	32225MT0090003
Access Care	Access Care Bronze Plus	32225MT0080004	PPO	Yes	Connected Care Bronze Plus	32225MT0090004
Access Care	Access Care Expanded Bronz	32225MT0080005	PPO	Yes	Connected Care Expanded Br	32225MT0090007

EXHIBIT 17. PLAN TYPE

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

EXHIBIT 18. EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL)

Not applicable.

EXHIBIT 19. RELIANCE

In performing this analysis, I relied on data and other information provided by MHC. 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.

A data reliance letter is attached to this rate submission.

EXHIBIT 20. ACTUARIAL CERTIFICATION

I am a Principal & Consulting Actuary with the firm of Milliman, Inc. Montana Health CO-OP 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:

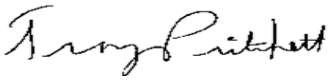
1. The projected Index Rate is
    - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102)
    - Developed in compliance with the applicable Actuarial Standards of Practice
    - Reasonable in relation to the benefits provided and the population anticipated to be covered
    - Neither excessive nor deficient based on my best estimates of the 2020 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 geographic rating factors shown in Worksheet 3 of the URRT reflect only differences in the cost of delivery, and do not include differences for population morbidity by geographic area.
4. 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.
5. The rates are not excessive, inadequate, unjustified, or unfairly discriminatory, and comply with the applicable provisions of Title 33 and rules adopted pursuant to Title 33.

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 2020 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 2020 plan year premium rates provided in this Actuarial Memorandum. Changes include, but are not limited to, any legislative or regulatory amendments, court decisions, or decisions by Congress, the Health and Human Services Secretary or the Centers for Medicare and Medicaid Services director.

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: 

Name: Troy J. Pritchett, FSA, MAAA

Title: Principal & Consulting Actuary

Date: July 09, 2019

Montana Health CO-OP
Statement Regarding Accuracy of Data and Reliance on Assumptions Provided
2020 Pricing Actuarial Memorandum

I, Richard Miltenberger, of Montana Health CO-OP, hereby affirm that to the best of my knowledge and belief, the underlying data sources and information relied upon by Milliman, Inc. for use in preparing Montana Health CO-OP's 2020 Pricing are accurate and complete. These items include:

A. Financial Statements
B. Expense Information
C. Enrollment Information
D. Policy Information
E. Claims Information
F. Investment Information
G. Capitation Information

Further, I acknowledge that in providing the 2020 Pricing Actuarial Memorandum, rates, and templates Milliman has relied on certain assumptions provided by Montana Health CO-OP as described above, and I affirm that to the best of my knowledge and belief, these assumptions are consistent with Montana Health CO-OP's reasonable expectations regarding Montana Health CO-OP's 2020 pricing.

JUNE 12, 2019
Date

Signature