BlueCross BlueShield of Mississippi

It's good to be Blue.

Part III Actuarial Memorandum

Blue Cross & Blue Shield of Mississippi
Individual Rate Filing
Effective January 1, 2019

Prepared for:
Mississippi Insurance Department

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 Blue Cross & Blue Shield of Mississippi's (BCBSMS) individual block of business, effective January 1, 2019. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template. The policy form numbers included in this memorandum are:

- 25854 Blue Care – Separate Deductible
- 25855 Blue Care – Integrated Deductible – Coinsurance Only
- 26537 Blue Care – High Deductible Health Plan
- 25856 Blue Care for Kids – Separate Deductible
- 25857 Blue Care for Kids – Integrated Deductible – Coinsurance Only
- 26538 Blue Care for Kids – High Deductible Health Plan

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules 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 Mississippi Insurance Department, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of BCBSMS's individual rate filing. However, we recognize that this certification may become a public document. BCBSMS 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 BCBSMS under any theory of law.

The results are actuarial projections. Differences between our projections and actual amounts depend on the extent to which future experience develops relative to the assumptions made for this analysis. It is certain that actual experience will not develop exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from our expectations.

Company Identifying Information

Company Legal Name: Blue Cross & Blue Shield of Mississippi, A Mutual Insurance Company
State: The State of Mississippi has regulatory authority over these policies.
HIOS Issuer ID: 11721
Market: Individual
Effective Date: January 1, 2019

Company Contact Information

[redacted]

EXHIBIT 2. PROPOSED RATE INCREASE(S)

Table 2.1 summarizes proposed rate increases by product effective January 1, 2019. The following are significant factors driving the proposed rate increases discussed below.

Table 2.1
Blue Cross & Blue Shield of Mississippi
Attribution Analysis of Proposed Rate Increases

The aggregate proposed rate increase is 0.0%.

Medical and Prescription Drug Inflation & Utilization Trend

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

Table 2.2
Blue Cross & Blue Shield of Mississippi
Average Annual Trend Assumptions

Service Type	Utilization	Mix	Inflation	Total

Claims Change: Other

In addition to the trend changes detailed in Table 2.2. above, we also adjusted claims for: morbidity, BCBSMS's Color Me Healthy! program, expansion of Autism coverage, contracting changes for a subset of our hospital contracts, select Specialty Drug allowance updates, pharmacy rebates, emerging experience, and the paid-to-allowed calibration. These adjustments are described in more detail on Exhibit 5.

New Taxes, Fees and Administrative Expenses

Changes to the overall premium level are needed because of required changes in federal/state taxes and fees. In addition, there are anticipated changes in the administrative expenses and commission arrangements. The following is a list of any anticipated changes and comments regarding the adjustment:

EXHIBIT 2. PROPOSED RATE INCREASE(S)

Table 2.3 Blue Cross & Blue Shield of Mississippi Anticipated Non-Benefit Expenses Changes			
Item	Prior Year Value	Effective Year Value	Reason for Adjustment
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			

Prospective Benefit Changes

Effective January 1, 2019 benefits have changed based on state requirements, business decisions and new Actuarial Value Calculator testing. The following are a list of the benefit changes:

[redacted]

EXHIBIT 2. PROPOSED RATE INCREASE(S)

Federal Transitional Reinsurance Program Changes

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program is not expected to be in place in 2019, we assume that reinsurance contributions and reinsurance recoveries will be zero.

Anticipated Single Risk Pool Morbidity

[redacted]

Rate Increases by Plan

The following table summarizes the proposed average rate increases by product:

Table 2.4
Blue Cross & Blue Shield of Mississippi
Summary of Proposed Rate Increases Prior to Impact of Recalibration

Product	2018 Rate	2019 Rate	Rate Increase
[redacted]			

EXHIBIT 3. EXPERIENCE PREMIUM AND CLAIMS

The experience reported on Worksheet 1, Section I of the URRT shows BCBSMS's earned premium and incurred and paid claims for the period of 1/1/2017 through 12/31/2017, with claims paid through 4/30/2018.

Premiums (net of MLR Rebate) in Experience Period

The premiums earned during the experience period and as reported on Worksheet 1, Section I of the URRT are from BCBSMS's data warehouse (billing system), and checked against the audited financials, for CY2017.

Based on preliminary information for calendar year 2017, no MLR rebates for the individual market are anticipated to be refunded to enrollees. Therefore, we did not include an adjustment for MLR rebates in the 2017 premium amounts.

Method for Determining Allowed Claims

The allowed charges are summarized from BCBSMS' detailed claim-level historical data. Allowed claims were determined by combining the paid claims with the member cost sharing.

A =	BCBSMS Pay	[redacted]
B =	Member Cost Sharing	
A + B = C =	Allowed Claim Cost	
D =	Estimated IBNP Paid Amounts	
E =	Total RX Rebates	
(A + D) - E =	Total Estimated Paid Costs	$88,708,172
F =	Estimated IBNP Allowed Amounts	[redacted]
(C + F) - E =	Total Estimated Allowed Costs	$114,979,221

Method for Determining Incurred But Not Reported Paid Claims

We used the development approach to develop the IBNP claim liability estimate. Our methodology provides for both reported and unreported claims. Our methodology develops claim completion factors from recent historical experience using an adjusted 6-month completion ratio averaging method, in which the lowest and highest values are discarded, and the remaining values are averaged. Within this approach, we have examined estimates of liability based upon several methods of estimating ultimate incurred claims for the most recent incurral months. We base our best-estimate liability on several factors, including historical completion ratios, historical levels of PMPM incurred costs, trends in incurred costs, and known seasonal variations. Completion factors may be adjusted for known large claims or claim backlog changes not sufficiently accounted for in the development methodology. The completion factors for the most recent month for prescription drugs are based upon an estimated incurred per calendar day.

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 and 0% was processed outside of 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.

Method for Determining Paid Cost Sharing

All paid member cost sharing processed both in and out of the claim system were included. Of this amount, 100% was processed through the claim system and 0% was processed outside of the claim system. An estimate of incurred but not paid member cost sharing was added to the processed amount to arrive at a final estimate of total paid member cost sharing.

EXHIBIT 4. BENEFIT CATEGORIES

BCBSMS categorizes historical claims into the benefit categories in Worksheet 1, Section II using a combination of HCPCS Codes, Revenue Codes, DRGs, Specialty Codes, Diagnosis Codes, and other indicators to categorize detailed claim-level information into benefit categories. The categorization logic is updated at least once quarterly to incorporate new HCPCS Codes, Revenue Codes, DRGs, Specialty Codes, Diagnosis Codes, and other indicators, so the classification methodology remains current. The detailed benefit categories were then consolidated into the categories shown on Worksheet 1, Section II.

Inpatient Hospital

Includes 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. Utilization is measured with admits.

Outpatient Hospital

Includes services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility. Utilization is measured with cases for the surgery and emergency room setting and services for the remaining categories.

Professional

Includes primary care, specialist care, therapy, laboratory and radiology services, and other professional services, other than hospital based professionals whose payments are included in facility fees. The utilization is measured with visits, consults, cases for maternity deliveries in the office setting, exams for vision, hearing, speech, and physical exams, services for physical medicine, and procedures for the remaining categories.

Other Medical

Includes ambulance, home health care, DME, prosthetics, supplies, and other services (including pediatric dental and vision). Utilization is measured with cases for ambulance services and units for the remaining categories.

Prescription Drug

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 each factor used to project the experience period allowed claims to the projection period, and supporting information related to the development of those factors.

Changes in the Morbidity of the Population Insured

[redacted]

Changes in Benefits

[redacted]

Changes in Demographics

[redacted]

The result of these adjustments is included in the projection factors of Worksheet 1, Section II under "Other".

Other Adjustments

The Other column 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 projected period. We used the following data sources and methodology in order to estimate these changes:

- Emerging Claims Cost – An adjustment is made to account for recent data that occurs after the experience period completed with the methodology explained above. This is intended to capture the expected impact of moving the
- Color Me Healthy! Program - BCBSMS began rolling out their CMH! Program in 2017. We made an adjustment to account for the expected additional services for members in the program.
- Pharmacy Rebates - An adjustment was made to account for the expected Rx rebates in the projected 2019 experience.
- Paid to allowed calibration - An adjustment was made to calibrate the pricing period claims probability distribution (CPD) based on actual-to-expected paid to allowed ratio analysis.
- Specialty Drug - An adjustment was made for a change in Specialty Drug allowances which impacts the medical drug portion of professional claims and the Specialty Drug portion of prescription drug claims.
- Hospital Contracts - An adjustment was made to reflect a change in inpatient and outpatient allowed amounts for a subset of our hospital contracts.

EXHIBIT 5. PROJECTION FACTORS

Trend Factors (Cost/Utilization)

[redacted]

The trend factors reflect BCBSMS's expectations regarding changes in in-network contractual reimbursement and the impact of trends in both projected in-network and out-of-network costs. The annual prescription drug trends reflect changes in the drug formulary, expiration of drug patents and introduction of new drugs. An adjustment is made to account for the expected generic availability of the brand drug Zetia which is a significant portion of our experience period allowed drug claim costs.

We performed a detailed analysis of BCBSMS' historical trend, after adjusting the data to reflect the impact of differences in age, gender, morbidity level, and area. We used this information as the basis for setting projected utilization and mix assumptions. Unit cost assumptions for medical services were provided by BCBSMS' Provider Contracting department for fee schedule changes in 2018 and 2019. For pharmacy, we assumed unit cost changes consistent with market averages.

EXHIBIT 6. CREDIBILITY MANUAL RATE DEVELOPMENT

Not applicable. BCBSMS'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

In determining an appropriate full credibility threshold, we relied on Milliman research that indicated that the number of member months needed for full credibility was 48,000. Note that this is higher than the default credibility threshold of 24,000 as set by CMS for the Medicare Advantage Program. The credibility formula is:

(n / 48,000)^(1/2)

where n = member months in the experience period.

With the exception of the number of member months needed to achieve full credibility, this formula is similar to that used by CMS. We believe this is appropriate given that both MA/PD and Commerical cover similar benefit categories.

Resulting Credibility Level Assigned to the Base Period Experience

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

EXHIBIT 8. PAID TO ALLOWED RATIO

The following table provides support for the average paid to allowed ratio shown in Worksheet 1, Section III. The table also demonstrates that the ratio is consistent with membership projections by plan included in Worksheet 2.

Table 8.1
Blue Cross & Blue Shield of Mississippi
Paid to Allowed Average Factor Support Exhibit

	Worksheet 1, Section III	Worksheet 2 Section IV
Allowed Per Member Per Month	$598.56	$598.56
Paid Per Member Per Month	$451.32	$447.87
Average Paid to Allowed Ratio	75.4%	74.8%

The average factor Worksheet 1 shown above was developed based on the projection of the average mix of plans sold. The Worksheet 2 factor shown above was measured using the projected Allowed PMPMs by plan from Worksheet 2 and the Actuarial Value calculated using the Federal AV Calculator model.

EXHIBIT 9. RISK ADJUSTMENT AND REINSURANCE

Experience Period Risk Adjustments PMPM

[redacted]

Projected Risk Adjustments PMPM

[redacted]

[redacted]

Experience Period ACA Reinsurance Recoveries Net of Reinsurance Premium

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program did not continue in 2017, experience period reinsurance contributions are zero.

Projected ACA Reinsurance Recoveries Net of Reinsurance Premium (Individual and Combined Markets Only)

The Transitional Reinsurance program ended in 2016 and therefore BCBSMS is projecting no Reinsurance premium for CY2019.

EXHIBIT 10. NON-BENEFIT EXPENSES AND PROFIT & RISK

The following table summarizes retention components included in the rate development.

Table 10.1
Blue Cross & Blue Shield of Mississippi
Illustration of Administrative Expenses by URRT Worksheet 1 Category

Retention Description	PMPM	% Premium	Basis	Annotation

The proposed rates reflect a 7.0% average administrative load. The administrative costs, which include PMPM and percent of premium amounts, are applied at the plan level. For this reason, the administrative cost as a percent of total premium varies by plan. The administrative costs were developed as follows:

-
-
- Calculated 7.0% administrative load as the administrative expense costs divided by the projected premiums.

The proposed rates reflect 3.8% pre-tax risk/profit margin. This is 0.8% higher than BCBSMS's previous individual rate filing.

The following table summarizes taxes and fees included in rate development.

Table 10.2
Blue Cross & Blue Shield of Mississippi
Summary of Taxes and Fees

Description	Amount

Exchange User Fees were not included as BCBSMS will not participate on the Exchange in 2019.

EXHIBIT 11. PROJECTED LOSS RATIO

[redacted]

EXHIBIT 12. SINGLE RISK POOL

BCBSMS rates are developed using a single risk pool, established according to the requirements in 45 CFR section 156.80(d) and reflects all BCBSMS's covered lives for every ACA-compliant individual product in the State of Mississippi individual health insurance market.

Note that the Single Risk Pool does not include transitional products/plans for purposes of the base rate experience; the experience for these policies has only been used in the projection to the extent that BCBSMS anticipates the members in those policies will be enrolled in their fully ACA-compliant plans during the projected period.

EXHIBIT 13. 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 BCBSMS received in the Single Risk Pool during the experience period. Note that there were additional benefits offered beyond the EHB benefits. The experience 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.

The index rate for the projection period is a measurement of the average allowed claims PMPM for EHB benefits. The projected 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 BCBSMS expects to receive in the Single Risk Pool. Note that there are additional benefits offered beyond the EHB benefits. The projected Index Rate has not been adjusted for payments and charges projected under the risk adjustment and reinsurance programs, or for Marketplace user fees.

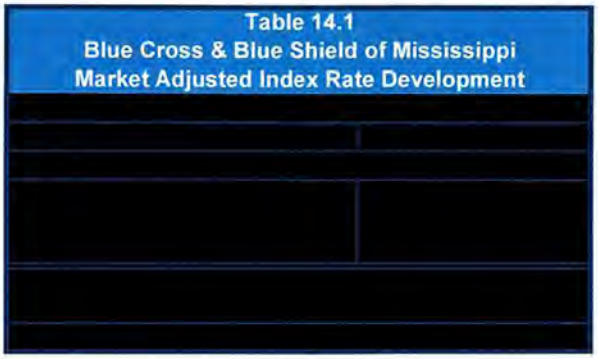
The projected Index Rate is equal to the projected total allowed claims PMPM minus the total non-EHB allowed claims PMPM.

The projected Index Rate is $598.04 PMPM, and can be found on Worksheet 1, Section III of the URRT.

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
Blue Cross & Blue Shield of Mississippi
Market Adjusted Index Rate Development



The Market 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:

- Net Risk Adjustment
  This factor includes the impact of the estimated Risk Adjustment Transfer Payment and User Fee as discussed in Exhibit 9.

- Net Transitional Reinsurance
  The Transitional Reinsurance program ended in 2016 and therefore BCBSMS is projecting no impact for CY2019.

- Exchange user fee adjustment
  Exchange User Fees were not included as BCBSMS will not participate on the Exchange in 2019.

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

The CMS Actuarial Value Calculator was used to determine the actuarial value for each plan.

[redacted]

Provider network, delivery system and utilization management adjustment

There are no expected differences in the provider network and/or utilization management between plans.

Adjustment for benefits in addition to the EHBs

[redacted]

Adjustment for distribution and administrative costs

Adjustment is developed to indicate the impact of non benefit expenses. This adjustment differs 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

There are no Catastrophic plan offerings for 2019.

The following table demonstrates the Plan Adjusted Index Rate development for each plan. It should be noted that the Plan Adjusted Index Rates are presented with two decimal precision, when in actuality, the value is not rounded.

Table 15.1
Blue Cross & Blue Shield of Mississippi
Projection Period Plan Adjusted Index Rate Development

Plan	Market Adjusted Index Rate	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Costs Excl. Mktplace User Fee	Specific Catastrophic Eligibility	Plan Adjusted Index Rate
[redacted]							

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

EXHIBIT 15. PLAN ADJUSTED INDEX RATES

Experience Period Plan Adjusted Index Rates

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

Table 15.2
Blue Cross & Blue Shield of Mississippi
Experience Period Plan Adjusted Index Rate Development

Plan	Market Adjusted Index Rate	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Admin Costs Excl. Mktplace User Fee	Specific Catastrophic Eligibility	Plan Adjusted Index Rate

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 and geographic distribution expected to enroll in the plan. The single calibration factor is applied uniformly across all plans.

Age Curve Calibration

[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.

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 17.

Tobacco Factor Calibration

[redacted]

The following table demonstrates the calibration performed for each plan. It should be noted that the Calibrated Plan Adjusted Index Rates are presented with two decimal precision, when in actuality, the value is not rounded.

Table 16.1
Blue Cross & Blue Shield of Mississippi
Plan Adjusted Index Rate Calibration

Plan	Plan Adjusted Index Rate	Age Calibration Factor	Geography Calibration Factor	Tobacco Calibration Factor	Calibration Factor	Calibrated Plan Adjusted Index Rate
[redacted]						

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.

BCBSMS's 2019 tobacco rating factors are shown below. Industry research regarding tobacco use and differences in health costs for smokers by age was used as the basis of our adjustment factors. As approved by CMS, the state of Mississippi will maintain the 2017 ferderal age curve.

Table 17.1
Blue Cross & Blue Shield of Mississippi
2019 Age and Tobacco Factors

Age Band	Rate Factor	Tobacco Factor		Age Band	Rate Factor	Tobacco Factor
0-14	0.635			40	1.278	
15	0.635			41	1.302	
16	0.635			42	1.325	
17	0.635			43	1.357	
18	0.635			44	1.397	
19	0.635			45	1.444	
20	0.635			46	1.500	
21	1.000			47	1.563	
22	1.000			48	1.635	
23	1.000			49	1.706	
24	1.000			50	1.786	
25	1.004			51	1.865	
26	1.024			52	1.952	
27	1.048			53	2.040	
28	1.087			54	2.135	
29	1.119			55	2.230	
30	1.135			56	2.333	
31	1.159			57	2.437	
32	1.183			58	2.548	
33	1.198			59	2.603	
34	1.214			60	2.714	
35	1.222			61	2.810	
36	1.230			62	2.873	
37	1.238			63	2.952	
38	1.246			64+	3.000	
39	1.262					

BCBSMS's 2019 geographic rating factors are shown below. These factors were developed from BCBSMS individual ACA claims experience.

Table 17.2
Blue Cross & Blue Shield of Mississippi
2019 Geographic Area Factors

Area	Rate Factor

Family contracts will not be sold by BCBSMS; instead, each individual will be covered under separate policy.

EXHIBIT 17. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

Below is an example of how to arrive at the rate for an age 17 individual in rating area 2 that is a non-smoker:

Table 17.3 Blue Cross & Blue Shield of Mississippi Sample Consumer Adjusted Premium Rate Development

EXHIBIT 18. AV METAL VALUES

The AV metal values included in Worksheet 2 are based on the AV Calculator. See Appendix A for a detailed description of the adjustments made to the cost sharing features of the BCBSMS plans and the AV screenshots of the plan designs being filed. Table 18.1 below summarizes these values for each product.

Table 18.1
Blue Cross & Blue Shield of Mississippi
Actuarial Values

Plan	Actuarial Value	Actuarial Value Source
Blue Care 850	0.8010	Federal AV Calculator
Blue Care 1250	0.7825	Federal AV Calculator
Blue Care 3450	0.7195	Federal AV Calculator
Blue Care 5000	0.7000	Federal AV Calculator
Blue Care Health Savings 2250	0.7185	Federal AV Calculator
Blue Care Health Savings 6000	0.6284	Federal AV Calculator
Blue Care Coinsurance 7900	0.6185	Federal AV Calculator

EXHIBIT 19. AV PRICING VALUES

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

Table 19.1
Blue Cross & Blue Shield of Mississippi
Actuarial Value Pricing Values

Plan	AV & Cost Sharing	Provider Network Adjustment	Benefits In Addition to EHBs	Administrative Costs Excl. Exchange Fee	Specific Catastrophic Eligibility	AV Pricing Value
Blue Care 850 - A						0.943
Blue Care 1250 - A						0.918
Blue Care 3450 - A						0.835
Blue Care 5000 - A						0.811
Blue Care Health Savings 2250 - A						0.839
Blue Care Health Savings 6000 - A						0.731
Blue Care Coinsurance 7900 - A						0.691
Blue Care 850 - NA						0.923
Blue Care 1250 - NA						0.897
Blue Care 3450 - NA						0.815
Blue Care 5000 - NA						0.791
Blue Care Health Savings 2250 - NA						0.819
Blue Care Health Savings 6000 - NA						0.711
Blue Care Coinsurance 7900 - NA						0.671

The AV Pricing Value represents the cumulative effect of the adjustments made by BCBSMS 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 AV Calculator. 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) represents BCBSMS's expectations for 2019 plan year enrollment.

We estimated the members that would select each of BCBSMS' benefit plans based on the current selection of BCBSMS's plans.

No portion of the BCBSMS Silver plan enrollment is eligible for cost sharing reduction in the Individual market; therefore, no estimation for this was determined.

EXHIBIT 21. TERMINATED PRODUCTS

The following is a list of terminated products.

Table 21.1
Blue Cross & Blue Shield of Mississippi
Terminated Plans and Products

Product Name	Plan Name	HIOS ID	Plan Type	Present in Experience	New Plan Mapping	
					Plan Name	HIOS ID

EXHIBIT 22. PLAN TYPE

There are no differences between the plans of BCBSMS and the plan type selected in the drop-down box in Worksheet 2, Section I of the Part I Unified Rate Review Template.

EXHIBIT 23. WARNING ALERTS

The Warning Alerts in cells A56, A57, A61, A68, A73, and A74 on worksheet 2 are attributable to the fact that Worksheet 2 includes transitional claims, premiums and members where as Worksheet 1 does not.

EXHIBIT 24. EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL)

Not applicable.

EXHIBIT 25. RELIANCE

In the preparation of this filing, I relied upon data and analyses provided by internal Actuarial staff and Provider Partnerships and Health Management staff, as well as from the following:

[redacted]

I performed general reasonableness checks, but I have not audited the data and have relied upon its accuracy. To the extent that the underlying data is inaccurate, this filing may also be inaccurate. Actual results will vary from those projected in the filing. This is due to random fluctuations, unexpected large claims, changes in population and other such factors.

EXHIBIT 26. ACTUARIAL CERTIFICATION

I, , am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared on behalf of Blue Cross & Blue Shield of Mississippi (the "Company") to comply with all applicable State and Federal Statutes and Regulations.

I have written the preceding Actuarial Memorandum to describe the rates intended to be used for these products and the development of the underlying per contract per month medical cost. This section of the Actuarial Memorandum constitutes an Actuarial Certification per Mississippi Regulation 73-4 and Bulletin 2011-7. To the best of my knowledge, the entire rate filing is in compliance with the applicable laws of the State of Mississippi and with the rules of the Department of Insurance.

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(d)(1) and CFR 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 were 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. Adjustments to the CMS Actuarial Value Calculator were used to determine the AV Metal values shown in Worksheet 2, Section 1 of the URRT for all plans. Separate actuarial certifications are attached.

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.

EXHIBIT 26. ACTUARIAL CERTIFICATION

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.