

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Filing at a Glance Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Company: California Physicians' Service dba Blue Shield of California
 Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
 State: California
 TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)
 Sub-TOI: HOrg02I.005A Individual - Preferred Provider (PPO)
 Filing Type: Rate
 Date Submitted: 06/05/2015
 SERFF Tr Num: BCCA-130112529
 SERFF Status: Assigned
 State Tr Num:
 State Status: In Progress
 Co Tr Num: 3255
 Implementation: 01/01/2016
 Date Requested:
 Author(s): Joan Russo, Julien Nepomuceno, Sophia Miguel, Kim Morimoto, Lisa Kluber
 Reviewer(s): Wayne Thomas (primary), Debra Maus, Cabe Chadick, Harry Shi, Brent Cho, Simon Lo
 Disposition Date:
 Disposition Status:
 Implementation Date:
 State Filing Description:

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
General Information: Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Project Name: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016 Status of Filing in Domicile:
 Project Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016 Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Individual Market Type: Individual
 Overall Rate Impact: Filing Status Changed: 07/31/2015
 State Status Changed: 07/31/2015
 Deemer Date: Created By: Sophia Miguel
 Submitted By: Sophia Miguel Corresponding Filing Tracking Number: 3255
 PPACA: Not PPACA-Related

PPACA Notes: null
 Include Exchange Intentions: No

Filing Description:

Blue Shield of California (the "Plan") submits Blue Shield Amendment No. 3264, containing this Exhibit E-1 (Summary Description of the Filing) and attachments. The purpose of this filing is to submit the Plan's rates for benefit plans offered in the individual and family plan (IFP) PPO market. These rates will be in effect from January 1, 2016 through December 31, 2016, and provides information required by H&S Code §1385.03.

Information submitted in this filing are for the following IFP plans:

On-Exchange, mirrored Off-Exchange plan versions of each standard metal plan (Platinum, Gold, Silver, and Bronze) will use the same rates.

- Platinum 90 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Gold 80 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Silver 70 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Silver 94 PPO (On-Exchange)
- Silver 87 PPO (On-Exchange)
- Silver 73 PPO (On-Exchange)
- Bronze 60 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Bronze 60 HSA PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Minimum Coverage PPO (On-Exchange, mirrored Off-Exchange)
- \$0 Cost Share PPO AI-AN

- Bronze 5550 PPO (Off-Off Exchange)
- Silver 1850 PPO (Off-Off Exchange)
- Silver Seven 3750 PPO (Off-Off Exchange)

The following attachments are submitted in this filing:

- Actuarial Memorandum
- Unified Rate Review Template
- Rate Justification

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Company and Contact Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Filing Contact Information

Kim Morimoto, Associate General Counsel kim.morimoto@blueshieldca.com
 50 Beale Street 415-229-5311 [Phone]
 San Francisco, CA 94105

Filing Company Information

California Physicians' Service dba	CoCode: 47732	State of Domicile: California
Blue Shield of California	Group Code: 2798	Company Type:
50 Beale Street	Group Name:	State ID Number:
San Francisco, CA 94105	FEIN Number: 94-0360524	
(415) 229-5065 ext. [Phone]		

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

State Specific

Minimum % Change: the smallest 12-month, or annual, rate increase that any individual primary insured (individual insurance) or covered employee (group insurance) will receive, among all the insureds or covered employees renewing on the effective date of the proposed rate increase. The minimum should reflect all causes of premium increase to that insured or covered employee, including but not limited to attained age increases or geographic rate changes already built into the filed rate structure, as well as rate increases for new mandated benefits (e.g. PPACA changes).: 0
 Maximum % Change: the largest 12-month, or annual, rate increase that any individual primary insured (individual insurance) or covered employee (group insurance) will receive, among all the insureds or covered employees renewing on the effective date of the proposed rate increase. The maximum should reflect all causes of premium increase to that insured or covered employee, including but not limited to attained age increases or geographic rate changes already built into the filed rate structure, as well as rate increases for new mandated benefits (e.g. PPACA changes).: 0

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Correspondence Summary

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	Rate Review Detail	Lisa Kluber	07/31/2015	07/31/2015
Supporting Document	Independent Actuarial Certification	Lisa Kluber	07/30/2015	07/31/2015
Supporting Document	Premium Rate Information	Lisa Kluber	07/30/2015	07/31/2015
Supporting Document	Premium Rate Public Website Information	Lisa Kluber	07/30/2015	07/31/2015
Supporting Document	Actuarial Memorandum and Certifications	Lisa Kluber	07/30/2015	07/31/2015
Supporting Document	Unified Rate Review Template	Lisa Kluber	07/30/2015	07/31/2015
Supporting Document	Rate Justification	Lisa Kluber	07/30/2015	07/31/2015
Supporting Document	Exhibit E-1 07-31-2015	Lisa Kluber	07/31/2015	07/31/2015
Supporting Document	2016 HIOS IDs Plan Name Mapping	Lisa Kluber	07/31/2015	07/31/2015
Supporting Document	CC15_07_30_70285_PLNRT_Medical	Lisa Kluber	07/31/2015	07/31/2015
Supporting Document	Supplemental Rate Information (Questions #20, 21, and 24)	Lisa Kluber	07/31/2015	07/31/2015

SERFF Tracking #:

BCCA-130112529

State Tracking #:

Company Tracking #:

3255

State:

California

Filing Company:

California Physicians' Service dba Blue Shield of California

TOI/Sub-TOI:

HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)

Product Name:

PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA

Project Name/Number:

IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Amendment Letter

Submitted Date:

07/31/2015

Comments:

State:	California	Filing Company:	California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI:	HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)		
Product Name:	PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA		
Project Name/Number:	IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016		

Blue Shield of California (the "Plan") submits Blue Shield Amendment No. 3255, containing this Exhibit E-1 (Summary Description of the Filing) and attachments. The purpose of this filing is to submit the Plan's final rates for PPO benefit plans offered in the individual and family plan (IFP) market. The Plan filed the preliminary rates on June 5, 2015 and confirms these rates submitted herein are final, with no changes. The final rates will be in effect from January 1, 2016 through December 31, 2016, and provides information required by H&S Code §1385.03.

Information submitted in this filing are for the following IFP plans:

The same rates will be used for the On-Exchange and mirrored Off-Exchange version of each standardized benefit plan (Platinum, Gold, Silver, Bronze), as identified in the parentheses as On-Exchange, mirrored Off-Exchange, and American Indian-American Native (AI-AN).

- Platinum 90 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Gold 80 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Silver 70 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Silver 94 PPO (On-Exchange, subsidized)
- Silver 87 PPO (On-Exchange, subsidized)
- Silver 73 PPO (On-Exchange, subsidized)
- Bronze 60 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Bronze 60 HSA PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Minimum Coverage PPO (On-Exchange, mirrored Off-Exchange)
- \$0 Cost Share PPO AI-AN

- Bronze 5550 PPO (Off-Off Exchange)
- Silver 1850 PPO (Off-Off Exchange)
- Silver Seven 3750 PPO (Off-Off Exchange)

The following attachments are submitted in this filing:

- Independent Actuarial Certification
- California Rate Filing Form
- California Rate Filing Spreadsheet
- Supplemental Rate Information (Questions #20, 21, and 24)
- California Plain-Language Rate Filing Description
- California Plain-Language Spreadsheet
- Actuarial Memorandum

State: California

Filing Company: California Physicians' Service dba Blue Shield of California

TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)

Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA

Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

- Unified Rate Review Template
- Individual Rates Table Template (Covered California)
- Part II Rate Justification
- Mapping of HIOS IDs and Plan names

Changed Items:

No Form Schedule Items Changed.

Rate/Rule Schedule Item Changes						
Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted
1	Rate Review Detail		New		2016 Rate Reviw Detail.xlsx,	07/31/2015 By:

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Supporting Document Schedule Item Changes

Satisfied - Item:	Independent Actuarial Certification
Comments:	Please see attached.
Attachment(s):	BSC 1Q16 IND DMHC NGF actuarial certification v2.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Independent Actuarial Certification</i>
Comments:	<i>This information will be provided at a later date.</i>
Attachment(s):	

Satisfied - Item:	Premium Rate Information
Comments:	Please see attached.
Attachment(s):	2016 Rate Filing Form.pdf 2016 Rate Filing Spreadsheet.xls
<i>Previous Version</i>	
Satisfied - Item:	<i>Premium Rate Information</i>
Comments:	<i>This information will be provided at a later date.</i>
Attachment(s):	

Satisfied - Item:	Premium Rate Public Website Information
Comments:	Please see attached.
Attachment(s):	2016 Plain Language Form.pdf 2016 Plain Language Spreadsheet.xls
<i>Previous Version</i>	
Satisfied - Item:	<i>Premium Rate Public Website Information</i>
Comments:	<i>This information will be provided at a later date</i>
Attachment(s):	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	Please see attached.
Attachment(s):	2016 NGF DMHC Actuarial Memorandum.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Actuarial Memorandum and Certifications</i>
Comments:	<i>Please see attached.</i>
Attachment(s):	<i>Jan2016 NGF DMHC Actuarial Memorandum .pdf</i>

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Satisfied - Item:	Unified Rate Review Template
Comments:	Please see attached.
Attachment(s):	2016-07-15 URRT.xlsm
<i>Previous Version</i>	
Satisfied - Item:	<i>Unified Rate Review Template</i>
Comments:	<i>Please see attached.</i>
Attachment(s):	<i>2016-06-15 URRT.xls</i>
Satisfied - Item:	Rate Justification
Comments:	Please see attached.
Attachment(s):	2016 PartII Rate Justification DMHC.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Rate Justification</i>
Comments:	<i>Please see attached.</i>
Attachment(s):	<i>PartII Rate Justification DMHC.pdf</i>
Satisfied - Item:	Exhibit E-1 07-31-2015
Comments:	Please see attached.
Attachment(s):	3255 Exhibit E-1 07-31-2015.pdf
Satisfied - Item:	2016 HIOS IDs Plan Name Mapping
Comments:	Please see attached.
Attachment(s):	2016SERFF HIOS IDs Plan Name Mapping.xlsx
Satisfied - Item:	CC15_07_30_70285_PLNRT_Medical
Comments:	Please see attached.
Attachment(s):	CC15_07_30_70285_PLNRT_Medical.xls
Satisfied - Item:	Supplemental Rate Information (Questions #20, 21, and 24)
Comments:	
Attachment(s):	2016 Rate Filing Form Q20, Q21 & Q24.xlsx

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California

TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)

Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA

Post Submission Update Request Submitted On 08/03/2015

Status: Submitted

Created By: Lisa Kluber

Company Rate Information:

Company Name:California Physicians' Service dba Blue Shield of California

Field Name	Requested Change	Prior Value
Overall % Indicated Change	4.600%	
Overall % Rate Impact	4.600%	
Written Premium Change for this Program	\$220539364	
Number of Policy Holders Affected for this Program	353567	
Written Premium for this Program	\$220539364	
Maximum %Change (where required)	43.800%	
Minimum %Change (where required)	-9.500%	

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Rate Information

Rate data applies to filing.

Filing Method: Initial Submission
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 01/01/2015
Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
California Physicians' Service dba Blue Shield of California	Increase	%	%				%	%

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Rate Review Detail: Rate Change Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

COMPANY:

Company Name: California Physicians' Service dba Blue Shield of California
 HHS Issuer Id: 70285

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
n/a			1

Trend Factors:

FORMS:

New Policy Forms: n/a
 Affected Forms: n/a
 Other Affected Forms: n/a

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 0
 Benefit Change: Increase
 Percent Change Requested: Min: 0.0 Max: 0.0 Avg: 0.0

PRIOR RATE:

Total Earned Premium: 0.00
 Total Incurred Claims: 0.00
 Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

REQUESTED RATE:

Projected Earned Premium: 0.00
 Projected Incurred Claims: 0.00
 Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

SERFF Tracking #:

BCCA-130112529

State Tracking #:

Company Tracking #:

3255

State:

California

Filing Company:

California Physicians' Service dba Blue Shield of California

TOI/Sub-TOI:

HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)

Product Name:

PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA

Project Name/Number:

IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Rate Review Detail		New		2016 Rate Reviw Detail.xlsx,

SERFF Tracking #:

BCCA-130112529

State Tracking #:

Company Tracking #:

3255

State:

California

Filing Company:

California Physicians' Service dba Blue Shield of California

TOI/Sub-TOI:

HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)

Product Name:

PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA

Project Name/Number:

IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Attachment 2016 Rate Reviw Detail.xlsx is not a PDF document and cannot be reproduced here.

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Supporting Document Schedules

Satisfied - Item:	Independent Actuarial Certification
Comments:	Please see attached.
Attachment(s):	BSC 1Q16 IND DMHC NGF actuarial certification v2.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Premium Rate Information
Comments:	Please see attached.
Attachment(s):	2016 Rate Filing Form.pdf 2016 Rate Filing Spreadsheet.xls
Item Status:	
Status Date:	

Satisfied - Item:	Premium Rate Public Website Information
Comments:	Please see attached.
Attachment(s):	2016 Plain Language Form.pdf 2016 Plain Language Spreadsheet.xls
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	Please see attached.
Attachment(s):	2016 NGF DMHC Actuarial Memorandum.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	Please see attached.
Attachment(s):	2016-07-15 URRRT.xlsm
Item Status:	
Status Date:	

Satisfied - Item:	Rate Justification
Comments:	Please see attached.
Attachment(s):	2016 PartII Rate Justification DMHC.pdf

SERFF Tracking #:

BCCA-130112529

State Tracking #:

Company Tracking #:

3255

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Item Status:	
Status Date:	

Satisfied - Item:	Exhibit E-1 07-31-2015
Comments:	Please see attached.
Attachment(s):	3255 Exhibit E-1 07-31-2015.pdf
Item Status:	
Status Date:	

Satisfied - Item:	2016 HIOS IDs Plan Name Mapping
Comments:	Please see attached.
Attachment(s):	2016SERFF HIOS IDs Plan Name Mapping.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	CC15_07_30_70285_PLNRT_Medical
Comments:	Please see attached.
Attachment(s):	CC15_07_30_70285_PLNRT_Medical.xls
Item Status:	
Status Date:	

Satisfied - Item:	Supplemental Rate Information (Questions #20, 21, and 24)
Comments:	
Attachment(s):	2016 Rate Filing Form Q20, Q21 & Q24.xlsx
Item Status:	
Status Date:	

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Attachment 2016 Rate Filing Spreadsheet.xls is not a PDF document and cannot be reproduced here.

Attachment 2016 Plain Language Spreadsheet.xls is not a PDF document and cannot be reproduced here.

Attachment 2016-07-15 URRT.xlsm is not a PDF document and cannot be reproduced here.

Attachment 2016SERFF HIOS IDs Plan Name Mapping.xlsx is not a PDF document and cannot be reproduced here.

Attachment CC15_07_30_70285_PLNRT_Medical.xls is not a PDF document and cannot be reproduced here.

Attachment 2016 Rate Filing Form Q20, Q21 & Q24.xlsx is not a PDF document and cannot be reproduced here.



Blue Shield of California

Individual Non-Grandfathered DMHC-Regulated Plans

1/1/2016 Rate Filing Certification

Prepared for:
Blue Shield of California, Inc.

Prepared by:
Milliman, Inc.

Susan E. Pantely
FSA, MAAA

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San Francisco, CA 94108 USA

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Fax +1 415 403 1334

milliman.com

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BLUE SHIELD OF CALIFORNIA INDIVIDUAL MEDICAL POLICY FILING

Qualifications

I, Susan E. Pantely, 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 actuarial certification is prepared on behalf of California Physician Service dba Blue Shield of California (the "Company") to comply with California Health and Safety Code section 1385.06 (b) (2).

I am affiliated with Milliman, Inc. ("Milliman") an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer or a trade association of health plans or insurers.

Scope

As a consulting actuary with Milliman, I have written this actuarial memorandum at the request of the Company to discuss the rate filing for its Individual DMHC-regulated policies, which include PPO plans. Blue Shield staff performed the majority of the analysis and I reviewed the work product. The proposed rates included in this filing will be effective for groups enrolling in new ACA-compliant plans on or after January 1, 2016. Rates are guaranteed for 12 months following the effective date for new business.

This statement of opinion complies with the Actuarial Standards of Practice 8 and 41, promulgated by the Actuarial Standards Board.

Reliance

I have relied upon information provided by Mr. John Chong, FSA, Manager of Actuarial Services at the Company. While I reviewed the information for reasonableness, I did not audit the underlying data for correctness. **Appendix A** contains a Statement Regarding Accuracy and Completeness of the Underlying Data Sources provided to me as part of my review, and forms a part of this opinion.

Testing Procedures

As part of my review, I followed the testing procedures outlined in **Appendix B**.

Proposed Rate Increases

For effective date January 1, 2016, the Company is requesting an average rate increase of 4.6% for non-grandfathered Individual plans relative to the rates effective January 1, 2015.

Opinion – Actuarially Sound in the Aggregate

In my opinion, the proposed premium rates are actuarially sound in the aggregate because the premium rates for business in California, including reinsurance recoveries, are adequate to provide for all expected health benefit costs, settlement costs, marketing and administrative expenses, and cost of required capital as provided by the Company.

Opinion – Reasonable Premium Rate Increases

In my opinion, the proposed premium rates are reasonable. I based my opinion of reasonable rates on the following factors below. The review of factors I considered was specifically required in Section A of the SB 1163:2 and SB 1163:6 Guidance, titled “Unreasonable Rate Increases.” The order of discussion below follows the order of factors listed in Section A of the SB 1163 Guidance. The assumptions, data used and other relevant information used in the rate filing development are included in **Appendix C**.

1. The projected medical loss ratio is greater than the federal medical loss ratio standard in the market segment.

Appendix C-1 contains the projected federal medical loss ratio for the Company’s Individual Medical policies. The projected federal medical loss ratio is 85.7% for calendar year 2016 based on the ratio of projected incurred claims divided by projected revenue. Projected incurred claims and projected revenue have been adjusted by allowable administrative expenses (added to incurred claims) and excludable taxes (subtracted from revenue). Since the projected medical loss ratio exceeds the federal medical loss ratio standard of 80%, I consider the projected loss ratio reasonable.

2. Assumptions on which the rates are based are supported by substantial evidence.

The development of proposed rates can be found in **Appendix C-2**. A summary of anticipated claim cost trends by service category is shown as **Appendix C-3**. I have reviewed the methodology and assumptions used in developing the proposed premium rates and found the methodology and assumptions to follow generally accepted actuarial practice.

3. The choice of assumptions or combination of assumptions on which the rates are based is reasonable.

The following assumptions were used to develop the January 1, 2016 Index Rate:

- Credibility of historical experience: 100%
- Updated Experience: 0.7%
- Annual secular trend on allowed claims: 6.0%
- Population morbidity adjustment: 0.4%
- Reinsurance: 4.1%
- Change in Benefits: 0.4%
- Risk Adjustment: -5.2%
- Administrative Expenses: -1.6%

I have reviewed the choice of assumptions in light of Blue Shield of California and industry experience and found the assumptions to be reasonable.

4. The documentation provided to the DMHC in connection with the filed rates are complete, adequate, and provide basis upon which the reasonableness of the rates may be determined by a qualified health actuary.

The data and documentation provided to the Department contains:

- This certification, which contains an overview of pricing methodology and experience data, pricing assumptions, methodology and development of proposed premium rates, and PPACA MLR calculation.
- Supporting documentation including:
 - “07-16-2015 URRT.xlsm” (Unified Rate Review Template)
 - “07-23-2015 SRRT.xlsm” (California Supplemental Rate Review Template)
 - “Jan2016 NGF DMHC Actuarial Memorandum 20150721.pdf”

5. The proposed rates result in rates between insureds within similar risk categories that are permissible under applicable California law, and the premium differences correspond to differences in expected claims costs.

In my opinion, the proposed rates result in risk classifications permissible under applicable California law and the premium differences correspond to differences in expected claims costs.

6. The requested rates are substantially justified by credible experience data.

The requested rates are based on the experience of over 3,000,000 California Individual medical member months in the base period. This experience is fully credible.

7. The company's rate of return, evaluated on a return-on-equity basis, for the prior three years and anticipated rate of return for the following year

The rate of return for Blue Shield of California, on a statutory basis is shown in the following table:

Blue Shield of California							
California Physicians' Service and Subsidiaries							
Return on Equity							
(\$ in millions)							
	2010		2011		2012		2013
	Actual		Actual		Actual		Fcst
Net Income	\$ 315	\$	78	\$	204	\$	213
Stabilization Fund (Equity)	\$ 3,581	\$	3,580	\$	3,858	\$	4,076 *
Return on Equity	8.8%		2.2%		5.3%		5.2%

* Note: 2013 growth includes \$5M increase in unrealized investment gains (after-tax)

The calculation of the rate of return is based on statutory net income divided by the average statutory capital and surplus. This information was not explicitly considered in the rate development process; therefore, I could not offer an opinion on this.

8. The company's employee and executive compensation

This information was not explicitly considered in the rate development process; therefore, I could not offer an opinion on this.

9. The degree to which the rate increase exceeds the rate of medical cost inflation index

The proposed 4.6% annual premium rate increase is greater than the medical care component of the CPI for 2014 of 2.4%.

While the proposed rate increase is larger than the medical costs index, material differences between the two measures provide an explanation as to the reasonability of the rate increase. The medical component of the CPI measures price inflation at the retail level. That is, it measures the prices paid for a fixed market basket of medical goods and services.

The medical CPI is a retrospective measure and does not account for expected future spending, which is the basis for premium rate setting.

The following are examples of factors that are included in the premium rate increase that are not included in the CPI measure:

- Increased per capita utilization of services
- Cost for new technologies
- Changes in provider practice patterns or the intensity of the service being provided
- Changes in enrollment mix
- Changes in state law governing health insurance
- Adverse selection
- Deductible leveraging effect
- Changes in provider mix and negotiated provider payment arrangement

10. The cumulative impact of the filed rate increase, combined with the previous increases, will not cause the rate to be unreasonable.

There have been no previous rate increases for the plans included in this filing.

11. The company's surplus condition and dividend history

The following is the statutory capital and surplus ('TAC'), and RBC authorized control level ('ACL'), TAC to ACL ratio, and dividend history for Blue Shield of California.

Blue Shield of California							
California Physicians' Service and Subsidiaries							
Capital and Equity							
(\$ in millions)							
	2010		2011		2012		2013
	Actual		Actual		Actual		Fcst
Tangible Net Equity (TNE)	\$ 3,339	\$	3,253	\$	3,609	\$	3,925
Required Tangible Net Equity	\$ 221	\$	223	\$	217	\$	220
Ratio	1511%		1459%		1663%		1784%

Blue Shield of California paid no dividends from 2010 through 2012. However, during this time, California Physicians' Service has contributed capital to Blue Shield Life.

This information was not explicitly considered in the rate development process; therefore, I could not offer an opinion on this.

12. The rating factors applied are reasonable and result in a distribution of the proposed rates across risk categories that are reasonable and not overly burdensome on any particular individual or group.

The rating factors applied include the following:

- Age factor applied based on age as of January 1
- Plan actuarial value
- Induced utilization by metal plan
- Area factor by rating area

I consider the rating factors applied, other than age, reasonable and not overly burdensome on any particular Individual or groups. I offer no opinion on the age rating factors, since Kaiser used as required the age rating factors promulgated in the ACA.

13. The nature and amount of transactions between the company and any affiliates over the prior 3 years.

Appendix C-4 shows the nature and amount of transactions between Blue Shield of California and affiliates from 2010 through 2012.

This information was not explicitly considered in the rate development process; therefore, I could not offer an opinion on this.

14. Compliance with California Code of Regulations Title 10, Section 2222.12 (“the California Code”)

The California Code requires that the lifetime loss ratio and the anticipated loss ratio over the future period must each not be less than 70.0%. Lifetime and future loss ratios are targeted to be above 80% in order to comply with Federal MLR requirements.

15. Additional factors, including those set forth in 45 Code of Federal Regulations section 154.301.

The requirements under this item are clarified and expanded in items (16) and (17).

16. The ratio of total general and administrative expenses to direct premium, gross of reinsurance, is reasonable in relation to the ratios of other issuers in the most recent year for which data is available.

The Company’s PMPM administrative expense load is shown in the following table:

Category	2015	2016
Medical Admin PMPM	\$ 28.28	\$ 36.13
Pediatric Admin PMPM	1.03	1.08
Total	\$ 29.31	\$ 37.21
Admin % of Premium	7.80%	9.28%

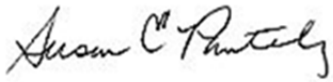
The Company’s total general and administrative expenses, broker commissions, medical management, taxes and fees, are 9.3% of premium. I have not reviewed the rate filings or administrative expenses of other issuers. However, 9.3% is lower than the typical administrative expenses of health care insurance companies. In my opinion, the general and administrative expenses are reasonable.

-
17. The filed rates appropriately reflect the effects of reinsurance, risk adjustment, and risk corridor programs that will be in place in the time in which the rates are anticipated to be in effect.

For the DMHC-regulated Individual plans, the Company anticipates reimbursements of \$21.92 PMPM under the risk adjustment program, and gross reimbursement of \$22.10 PMPM under the reinsurance program in 2016. The reinsurance fee of \$2.25 PMPM (2016) is netted against the projected recoveries. The company does not expect any transfers under the risk corridor program for these plans.

I consider the reflection of the reinsurance, risk adjustment, and risk corridor programs to be appropriately reflected in the filed rates.

Respectfully Submitted,



Susan E. Pantely
Member of the American Academy of Actuaries
July 27, 2016

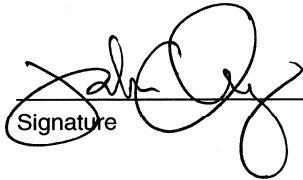
APPENDIX A - STATEMENT REGARDING ACCURACY AND COMPLETENESS OF THE UNDERLYING DATA SOURCES

Items Relied upon During Testing by Milliman:

- Uniform Rate Review Template – DMHC
- California Supplemental Rate Review Template
- Rate Filing Form Q20, Q21 & Q24
- Actuarial Memorandum

The sources identified above were relied upon by Milliman, Inc. in preparing this statement of actuarial opinion.

I, John Chong, FSA, MAAA, hereby affirm that the data sources identified above were prepared under my direction, and to the best of my knowledge are accurate and complete unless otherwise noted below.


Signature

Director of Consumer and Medicare Pricing
Title

Blue Shield of CA
Organization

July 27, 2015
Date

APPENDIX B - DESCRIPTION OF TESTING PROCEDURES

Under my direction, we reviewed the premium rate development process performed by Blue Shield of California, including:

1. Reviewed claim cost trend rates and development of anticipated unit cost and utilization increases.
2. Reviewed development of projected claims costs and comparison to revenue generated from application of current rates to current enrollment.
3. Reviewed proposed rates based on comparison of projected loss ratio to target loss ratio.
4. Reviewed Blue Shield of California recommended rates compared to arithmetically derived rates.

APPENDIX C-1 - PROJECTED MEDICAL LOSS RATIO

The following describes the projected federal medical loss ratio for Individual medical policies.

Blue Shield's federal Medical Loss Ratio is projected to be 85.7% in 2016. A calculation of the projected Medical Loss Ratio (MLR) over the projection period included in this filing is shown below:

FEDERAL MLR CALCULATION	
<u>Numerator:</u>	
Incurred Claims	\$360.61
Risk Adjustment	(\$21.92)
Reinsurance	(\$19.86)
Quality Improvement	\$2.56
Estimated Federal MLR Numerator	\$321.39
<u>Denominator:</u>	
Premiums	\$400.99
Insurer Tax	(\$6.82)
Exchange Fee	(\$8.87)
PCORI Fee	(\$0.18)
Income Taxes	(\$10.43)
Estimated Federal MLR Denominator	\$374.69
Estimated Federal MLR	85.8%

Note: The Quality Improvement adjustment includes a small but unknown amount attributable to Health Information Technology. Without this amount, the projected Federal MLR is 85.7%.

APPENDIX C-2 - DEVELOPMENT OF PREMIUM RATES

The following exhibit shows the development of premium rates included in the January 1, 2016 filing.

Market Adjusted Index Rate

Index Rate	\$ 454.71
Federal Reinsurance Program Adjustment	\$ (19.86)
Risk Adjustment	\$ (21.92)
Exchange User Fee Adjustment	\$ 8.87
Market Adjusted Index Rate	\$ 421.80

Plan Adjusted Index Rate (Example)

Market Adjusted Index Rate	\$ 421.80
Actuarial value and cost-sharing adjustment	1.182
Provider network, delivery system and utilization management adjustment	1.000
Adjustment for benefits in addition to the EHBs	1.000
Impact of specific eligibility categories for the catastrophic plan	1.001
Adjustment for distribution and administrative costs	1.258
Plan Adjusted Index Rate	\$627.76

Calibration

Plan Adjusted Index Rate	\$ 627.76
Age Curve Calibration	0.649
Geographic Factor Calibration	1.000
Calibrated Plan Adjusted Index Rate	\$ 407.44

Rating Area Factors

Rating Area	1
Rating Area Factor	1.136

APPENDIX C-3 - DEVELOPMENT OF CLAIM COST TRENDS

The following exhibit shows the anticipated claim cost trends by service category:

Benefit Category	Experience Period		Utilization	Annual
	Share of Cost	Cost Trend	Trend	Trend
Inpatient Hospital	29%	4.9%	1.4%	6.4%
Outpatient Hospital	25%	4.9%	1.4%	6.4%
Professional	22%	4.9%	1.4%	6.4%
Other Medical	9%	4.9%	1.4%	6.4%
Capitation	1%	4.9%	1.4%	6.4%
Prescription Drug	14%	4.9%	1.4%	6.4%
Total	100%	4.9%	1.4%	6.4%

APPENDIX C-4 - AFFILIATE TRANSACTIONS

The Company, Blue Shield of California, has entered into administrative services agreements with the Company's two wholly-owned subsidiaries, Blue Shield of California Life & Health Insurance Company and CareAmerica Life Insurance Company. The wholly-owned subsidiaries are also included in the consolidated federal income tax return filed by the Company. Reimbursements from the subsidiaries for the years ended December 31, 2010, 2011 and 2012 were \$290 million (M), \$294M and \$380M, respectively.

The Company made capital contributions to Blue Shield of California Life & Health Insurance Company in the amounts of \$75M in 2010 and \$80M in 2012. There were no such capital contributions in 2011. In 2011 and 2012, the Company received dividends from CareAmerica Life Insurance Company of \$2.3M and \$2.3M respectively. There was no such capital contribution from CareAmerica Life Insurance Company in 2010.

DEPARTMENT OF MANAGED HEALTH CARE

Shelley Rouillard, Director
 980 Ninth Street, Suite 500
 Sacramento, CA 95814



California Rate Filing Form
For Individual and Small Group Health Insurance
Rate Filings for Existing Products, Version 2
 (do not use this form for initial filings for new product rates)

The rate filing submission should include:

- 1) This form
- 2) A California Rate Filing Spreadsheet
- 3) An actuarial certification
- 4) A spreadsheet with rate information responsive to Questions 10 & 15, below
- 5) A California Plain-Language Filing Form
- 6) A California Plain-Language Spreadsheet

1) Company Name:

2) Number of plan contract forms covered by the filing: _____

3) Health plan contract form numbers covered by the filing:
 List all of the plan contract form numbers covered by this filing in column "A" of the "California Rate Filing Spreadsheet". List all product names associated with each health plan contract form number in column "B."

4) Product types covered by the filing. Select from the following:

	HMO (Health Maintenance Organization)
	PPO (Preferred Provider Organization)
	EPO (Exclusive Provider Organization)
	POS (Point of Service)
	Other (describe): _____

5) Segment type. One of the following:

	Small Group (2-50 employee)
	Individual

Note: Small Group and Individual filings should not be combined within a single filing.

6) Plan type. One of the following: for-profit company, not-for-profit company

	For-profit company
	Not-for-profit company

7) Whether the products are open or closed. List each open or closed product by policy form number.

For each policy form number, indicate in column “C” of the California Rate Filing Spreadsheet whether the products are open or closed.

If all policy forms listed are open, check here:

If all products listed are closed, check here:

If only some policy forms listed are closed, check here:

8) Enrollment:

In column “D” of the California Rate Filing Spreadsheet, state the number of enrollees (i.e. members), covered by each product as of the end of the latest month for which the data has been compiled.

9) Insured months in each policy form

In column “E” of the California Rate Filing Spreadsheet, state the number of enrollee months for the experience period on which the rates were based.

10) Annual Rate

In a separate spreadsheet, for each product included in the filing, show the current and proposed annual premium rates for each rating cell.

11) Total earned premium

For each policy form list:

In column “F” of the California Rate Filing Spreadsheet, state the experience period on which rates are based,

In column “G” of the California Rate Filing Spreadsheet, state the period for which rates are to be effective,

In column “H” of the California Rate Filing Spreadsheet, state the total premium earned for the experience period on which the rates are based.

12) In column “I” of the California Rate Filing Spreadsheet, state the total dollar amount of incurred claims in each plan contract form for the experience period on which the rates are based.

If helpful to understanding the basis for the filed rate increases, the health plan may, but is not required to, disaggregate incurred claim data into the aggregate benefit categories listed in item 18 below.

13) In column “J” of the CA Rate Filing Spreadsheet, state the average rate increase initially requested, weighted based on number of covered lives, and in column “K” weighted based on the total of premium earned. The weighted average of the proposed rate increases included in the filing, weighting the increases by the number of covered lives for each product (per item 8, above), and weighted based on total premium earned (per item 11, above).

14) Review category: One of the following:

	Filing for Existing Product
	Resubmission

Resubmissions should be submitted through SERFF under the same state filing number and SERFF tracking number assigned to the original submission of this filing. Do not submit resubmissions as a new filing.

15) Average rate of increase

In those instances in which there is a revision to the rates requested after initial submission, the revision should be submitted as an amendment to the original submission of this filing under the rate/rule form tab. Submit a revised California Rate Filing Form, a revised spreadsheet responsive to Question 10, and a revised California Rate Filing Spreadsheet, completing columns A, B, J, and K. Also, in the case of a resubmission, update the information under the “company rate information” field under the “Rate/Rule Schedule” tab in SERFF. The average rate of increase is a weighted average, calculated as in item 13, above.

16) Effective date of rate increase: _____

The earliest anticipated date that the proposed rate increase, or new product rate, will take effect for a subscriber.

17) Number of enrollees affected by each plan contract form

This information was provided in item 8, above, and need not be repeated.

18) Overall medical trend factor and trend factors by aggregate benefit category:

Overall Medical Trend Factor

“Overall” means the weighted average of trend factors used to determine rate increases included in the filing, weighting the factor for each aggregate benefit category by the amount of projected medical costs attributable to that category.

--

Medical Trend Factor by Aggregate Benefit Category

The aggregate benefit categories are each of the following – hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than hospital inpatient), other (describe).

Hospital Inpatient	
Hospital Outpatient (including ER)	
Physician/other professional services	
Prescription Drug	
Laboratory (other than inpatient)	
Radiology (other than inpatient)	
Capitation (professional)	
Capitation (institutional)	
Capitation (other)	
Other (describe)	

Optional Medical Trend Factor by Aggregate Benefit Category by Geographic Region

The health plan may, but is not required to, aggregate additional data in major geographic regions of the state. If the health plan chooses to so aggregate, the major geographic regions of the state are: Northern California (consisting of Monterey, Kings, Tulare, and Inyo counties, and all counties to the north), and Southern California (consisting of San Luis Obispo, Kern, and San Bernardino counties, and all counties to the south).

	North	South
Hospital Inpatient		
Hospital Outpatient (including ER)		
Physician/other professional services		
Prescription Drug		
Laboratory (other than inpatient)		
Radiology (other than inpatient)		
Capitation (professional)		
Capitation (institutional)		
Capitation (other)		
Other (describe)		

19) Projected medical trend

Use the same aggregate benefit categories used in item 18 –hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than Hospital inpatient), other (describe). Furthermore, within each aggregate category quantify the sources of trend, i.e. use of services, price inflation, and fees and risk.

Projected Medical Trend by Aggregate Benefit Category

Hospital Inpatient	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Hospital Outpatient (including ER)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Physician/other professional services	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:

Prescription Drug	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Laboratory (other than inpatient)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Radiology (other than inpatient)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Capitation (professional)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:

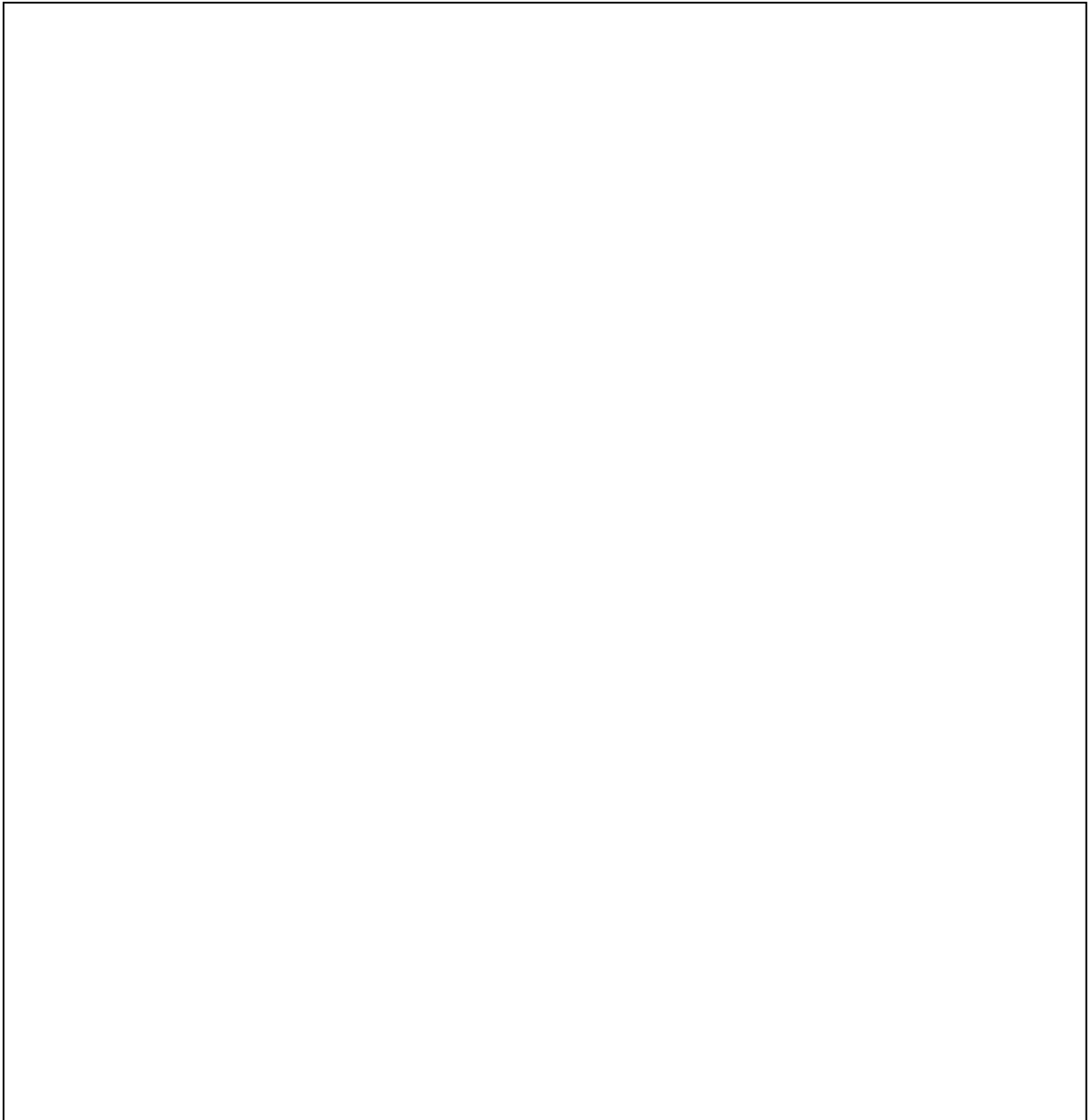
Capitation (institutional)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Capitation (other)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Other (describe)	Trend attributable to use of services:

20) Comparison of claims cost and rate of changes over time

For each proposed rate increase, provide the projected annualized incurred claims cost per enrollee for the period covered by the proposed rate, the historical incurred claims cost per enrollee for the most recent 12 months of the experience period on which the rates were based, and the historical incurred claims cost per enrollee for the next two most recent 12 month periods. Also, compare the rate of change of claims costs over all of the projected and historical periods for which information is provided. Show all claim costs according to aggregate benefit category.

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21) Describe any changes in enrollee cost-sharing, compared to the prior year, associated with the submitted rate filing, including both the absolute amount of the change, and the percentage change, and quantify the impact of each change on each of the rates included in the filing. Also describe any changes in benefits exempted from cost-sharing, as well as any newly-imposed cost-sharing.



22) Describe any changes in enrollee benefits, including but not limited to hospital inpatient, hospital outpatient (including emergency services), physician and other professional services, laboratory services, radiology services, and other benefits (describe), compared to the prior year, associated with the submitted rate filing, and and quantify the impact of each change on each of the rates included in the filing.

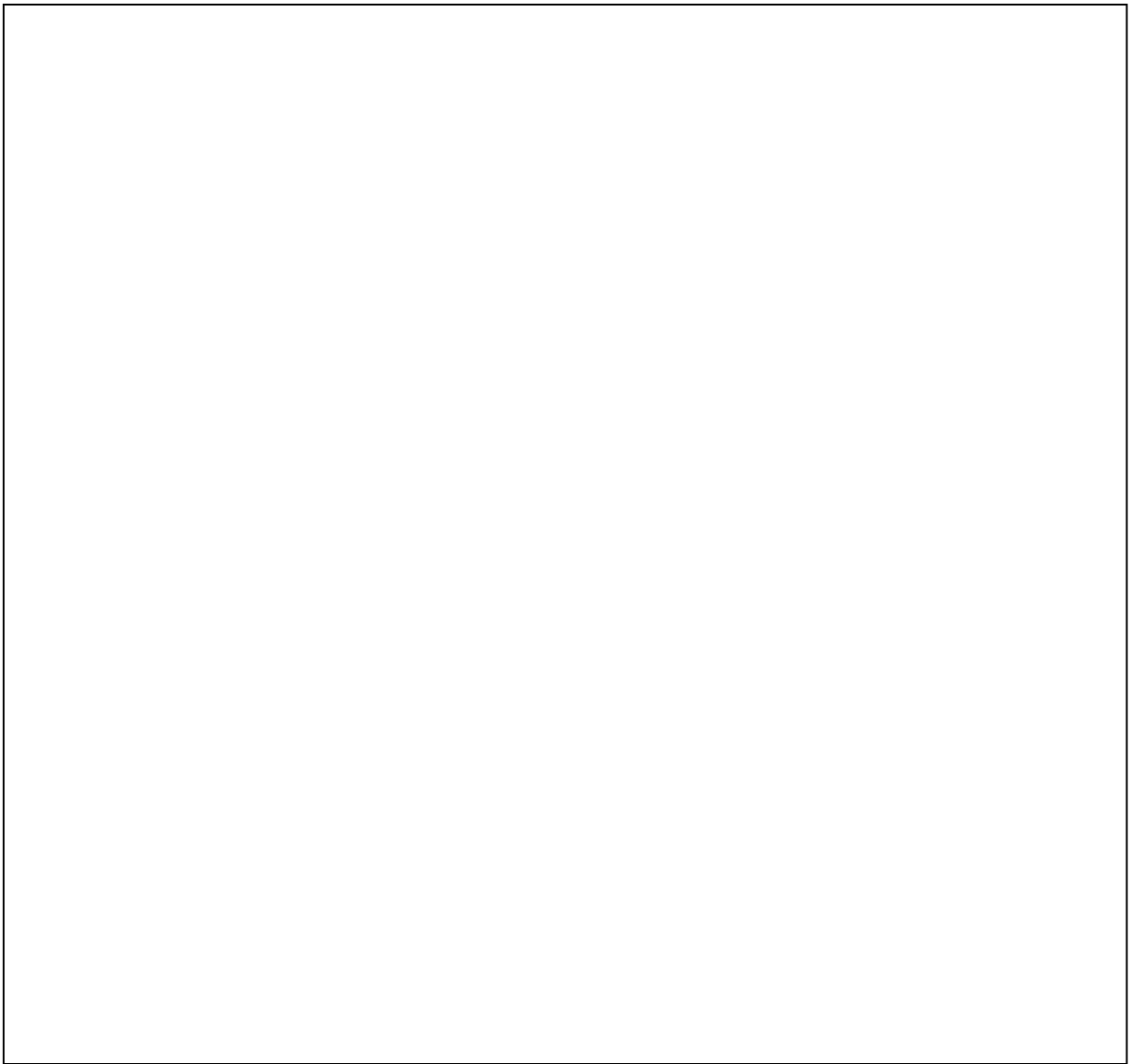
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23) Submit the required actuarial certification, under the “Supporting Documentation” tab in SERFF.

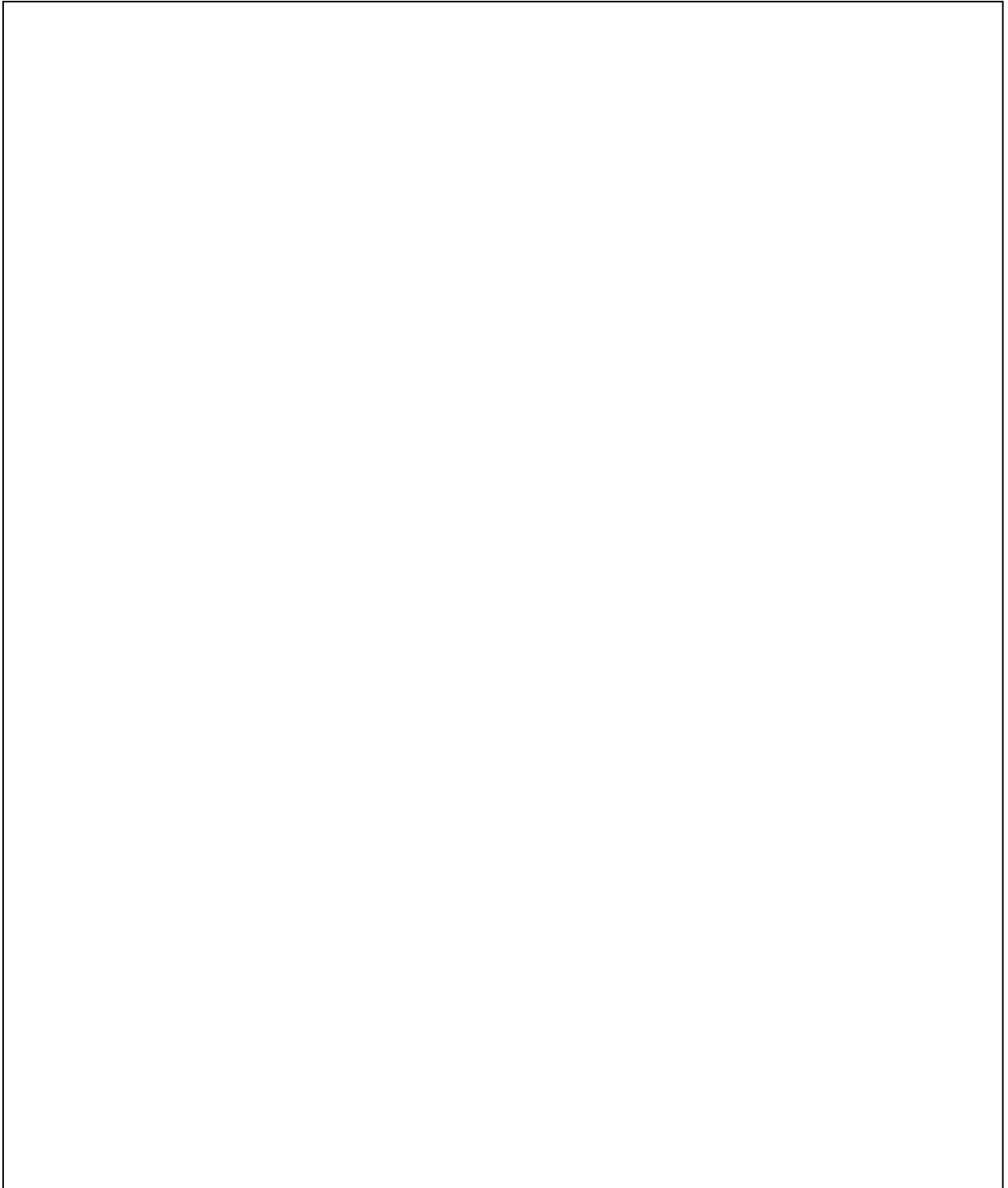
Submitted

24) Changes in administrative costs

Administrative costs are the costs defined in Sections 158.150, 158.151, 158.160, and 158.161 of 45 Code of Federal Regulations Subtitle A, Subchapter B, in the interim final rule issued by the Department of Health and Human Services on December 1, 2010 at 75 Federal Register 74924-74926. Using those definitions, describe the administrative costs for the plan contract forms included in this filing for the year prior to the requested rate increase, then also describe any changes in administrative costs, compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing. Changes should be shown separately for the costs defined by each of the sections of Code of Federal Regulations listed above in this item. (Does not apply to rates for new products.)



25) Comments. Place any needed comments here.

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DEPARTMENT OF MANAGED HEALTH CARE

Shelley Rouillard, Director
980 9th Street, Suite 500
Sacramento, CA 95814



**California Plain-Language
Rate Filing Description**
[for Web site posting, Health & Safety
Code 1385.07(d), Insurance Code 10181.7(d)]

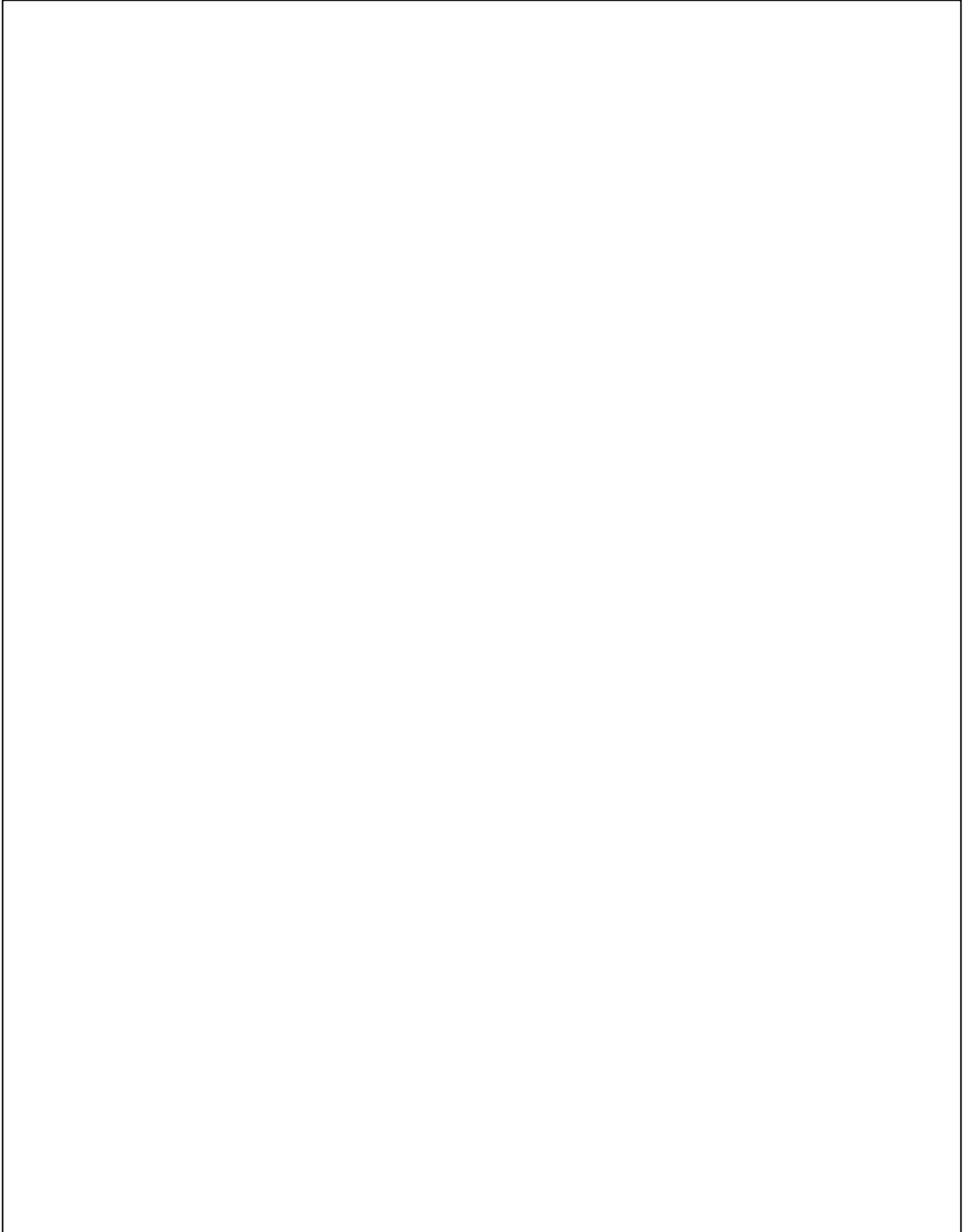
Company Name:

SERFF Tracking Number:

Department File Number: (will be completed by Department)

1) Justification for any unreasonable rate increases.

(Include all information as to why the rate increase is justified. Attach supporting documentation to this PDF file.)

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2) Overall annual medical trend factor assumptions for all benefits

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3) Actual Costs by Aggregate Benefit Category

Hospital Inpatient	Dollar Cost:
	Cost as Percentage of Medicare:
Hospital Outpatient (including ER)	Dollar Cost:
	Cost as Percentage of Medicare:
Physician/other professional services	Dollar Cost:
	Cost as Percentage of Medicare:
Prescription Drug	Dollar Cost:
	Cost as Percentage of Medicare:
Laboratory (other than inpatient)	Dollar Cost:
	Cost as Percentage of Medicare:

Radiology (other than inpatient)	Dollar Cost:
	Cost as Percentage of Medicare:
Capitation (professional)	Dollar Cost and Description:
Capitation (institutional)	Dollar Cost and Description:
Capitation (other)	Dollar Cost and Description:
Other (describe)	Dollar Cost and Description:

4) Amount of Projected Trend, by Aggregate Benefit Category, Attributable to Use of Services, Price Inflation, Fees and Risk

Hospital Inpatient	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Hospital Outpatient (including ER)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:

Physician/other professional services	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Prescription Drug	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Laboratory (other than inpatient)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Radiology (other than inpatient)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:

Capitation (professional)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Capitation (institutional)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Capitation (other)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:
Other (describe)	Trend attributable to use of services:
	Trend attributable to price inflation:
	Trend attributable to fees and risk:

5) Other Information

Complete and submit the CA Plain Language Spreadsheet.

**BLUE SHIELD OF CALIFORNIA COMPANY
2016 INDIVIDUAL PRODUCTS RATE FILING
ACTUARIAL MEMORANDUM**

I. General Information

a. Company Identifying Information:

- Company Legal Name: California Physician’s Service,
dba Blue Shield of California
- State: California
- HIOS Issuer Id: 70285
- Market: Individual
- Effective Date: January 1, 2016

b. Company Contact Information:

- Primary Contact Name: John Chong
- Primary Contact Telephone Number: 310-744-2923
- Primary Contact Email Address: john.chong@blueshieldca.com

II. Proposed Rate Increases

This filing covers the rate increase on the non-grandfathered individual plans. The average increase is **4.6%** and varies from -9.7% to 44.9% depending on benefit plan and geographic rating region. These rate changes do not include the impact of age band increases. Please see below for the major components of the average increase.

Table 1: Rate Increase Drivers

Updated Experience	0.7%
Core Trend	6.0%
Health Status	0.4%
Reinsurance	4.1%
Changes in Benefits	0.4%
Risk Adjustment	-5.2%
Other	0.0%
Administrative Expenses	-1.6%
Margin (before taxes)	0.0%
2016 Rate Increase	4.6%

The individual rate increase applicable to each member will vary from the average rate increase of 4.6% due to changes in region and plan relativities. The region relativities have been updated with actual experience to reflect more accurate cost relativities and include anticipated network contracting changes. The plan relativities have also been updated with actual experience to reflect more accurate induced utilization and proposed benefit changes.

III. Experience Period Premium and Claims

a. Paid Through Date: The experience period is from January 1, 2014 through December 31, 2014 and paid through February 28, 2015

b. Premiums (net of MLR Rebate) in the Experience Period:

- Premiums gross of MLR rebates come from Blue Shield’s data warehouse. These amounts are then reconciled to internal financials.

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- The MLR rebates have been projected based on experience thru February 2015 and assumes the reinsurance coinsurance recovery is 100% and risk adjustment transfers are consistent with a statewide study conducted by an external consulting firm.
- A risk corridor payment has also been estimated based on the same reinsurance recovery and risk adjustment transfers assumptions.

Table 2: Net Premiums

Experience Period Premium	\$1,965,513,707
Projected Risk Corridor	(\$93,300,063)
Projected MLR Rebates	(\$53,518,791)
Net Premiums (URRT cell F14)	\$1,818,694,853

c. Allowed and Incurred Claims During the Experience Period:

- Allowed claims and paid on incurred claims come from Blue Shield’s data warehouses. Capitation makes up a small percentage of claims in the experience period and shows up in the allowed amount on a paid basis, with no adjustments for cost sharing. Completion factors are then applied to both allowed and paid for each incurred month to arrive at an estimated incurred claims number. This estimate is then reconciled to internal, restated financials to account for claims processed outside of Blue Shield’s claims system.
- The table below shows how the amounts reported in cells F15 and F16 of the URRT break out into paid on incurred, claim processed outside of Blue Shield’s claims system, claims incurred but not paid (IBNP), reinsurance recoveries, and risk adjustment transfer payments:

Table 3: Experience Period Claims

	Paid Claims	Allowed Claims
Paid and Incurred	\$1,573,319,105	\$2,752,315,213
Incurred But Not Paid	\$141,919,403	\$248,269,363
Outside System	\$0	\$0
Estimated Net Reinsurance Recovery	(\$347,498,223)	
Estimated Net Risk Adjustment Transfer	(\$113,364,005)	
Total (URRT cells F15 and F16)	\$1,254,376,280	\$2,194,366,614

d. Estimate of Incurred But Not Paid Claims

- For determination of incurred but not paid, our individual business is grouped as follows: HMO, PPO regulated by the Department of Managed Healthcare (DMHC), and PPO regulated by the California Department of Insurance (CDI)
- For each grouping, three sets of month to month completion factors are derived by averaging the prior 6, 9, and 12 months of data within that grouping. The median of the three estimates is used to complete the claims (typically the 9 month average).
- Smoothing of Outliers: For any incurred month/paid lag combination in which the percentage of total paid is greater than 1.96 standard deviations from the average percentage for that paid lag, the percent of total paid is replaced with the average.
- For incurred months with zero to two months of paid runout, the IBNP estimate derived from the completion factors is blended with an estimate based on a projection of the incurred claims for that month.

IV. Benefit Categories

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- a. **Inpatient Hospital:** Represents claims billed by a hospital facility for members receiving care on an inpatient basis. These amounts do not include inpatient services that are billed by the physician directly.
- b. **Outpatient Hospital:** Represents claims billed by a hospital facility for members receiving care on an outpatient basis. These amounts do not include outpatient services that are billed by the physician directly.
- c. **Professional:** Represents claims billed directly by the physician. Includes office visits, preventive care, physical medicine, injectables administered in the office, and physician services rendered at an inpatient or outpatient facility.
- d. **Other Medical:** Includes radiology, radiation therapy, lab tests, ambulance, durable medical equipment, orthotics, and prosthetics.
- e. **Capitation:** Represents costs in which the provider is reimbursed on a per member per month basis, as opposed to fee for service. For our HMO products, the majority of professional costs and a small minority of inpatient and outpatient costs are paid through capitation. For both HMO and PPO, this line also includes a fixed per member per month payment we pay to an outside vendor for the coverage of some mental health services.
- f. **Prescription Drug:** Represents prescriptions obtained through retail and mail order pharmacies.

V. Projection Factors

a. Changes in Population Risk Morbidity

The trend for changes in the population risk morbidity was determined using the same manual rate development as described in Section V of the 2015 Actuarial Memorandum. The economic decision making model was updated to reflect 2014 enrollment as the starting point for 2015. After the initial surge in enrollment in 2014, we expect two main dynamics to impact the population risk morbidity in 2015 and 2016.

- **Individual Mandate:** The ACA imposes a financial penalty (with exceptions) for those that do not maintain qualified health insurance coverage for the entire year. In 2015, the penalty is increased to the greater of \$325 per adult/\$162.50 per child or 2% of annual household income. In 2016, the penalty is increased to the greater of \$695 per adult/\$347.50 per child or 2.5% of annual household income. The mandate is expected to decrease the overall morbidity of the insured population, as it provides incentive for health enrollees to purchase coverage.
- **Employer Migration:** The ACA also imposes changes to the employer market with similar rating rule and market changes to the Small Group market and minimum essential coverage requirements for the Large Group market. The migration from group coverage to the Individual market is expected to increase the overall morbidity of the insured population, as we have compared the relative health of our own members who have migrated from group coverage.

Table 4: Population Risk Morbidity

	2015	2016
Employer Migration	1.7%	1.2%
Cobra Migration	0.2%	0.1%
Full 2015 Mandate	-2.5%	-1.0%
Population Risk Morbidity	-0.6%	0.4%

b. Changes due to Demographics

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Significant changes in the demographic profile of the population are not expected in 2015 and 2016. We expect the majority of the changes to have already occurred in 2014. The demographic profile at the beginning of the year was younger than at the end of the year when the membership eventually stabilized. We've assumed the demographic profile to be consistent with the most recent view as of February 2015 for future periods which results in a **0.6%** demographic trend. This trend is reflected under "Util Adj 1" of the SRRT.

c. Changes due to Seasonality

The allowed seasonality generally reflects the monthly changes in costs due to the effective days (the number of weekdays, holiday and weekends). We have also observed a slight increase in allowed costs in the latter half of the year as members utilize services before their deductible and out of pocket accumulations reset. In 2014, a significant portion of our members joined after the first quarter which inflates the total allowed PMPM for the year. We do not expect this to be the case in 2016 due to an earlier open enrollment period, more market awareness of key dates and higher overall retention. The difference in the distribution of members from 2014 to 2016 is expected to result in a **-0.7%** seasonality trend. This trend is reflected under "Util Adj 2" of the SRRT.

d. Changes due to Duration

Similar to the seasonality trend, we have observed a gradual increase in allowed costs in members in their initial four months of coverage. This dynamic is only associated with new members. The high volume of new members in 2014 results in a lower allowed PMPM than expected going forward into 2015 and 2016. The lower portion of sales to members in 2016 relative to 2014 is expected to result in a **1.4%** duration trend. This trend is reflected under "Util Adj 2" of the SRRT.

e. Change due to Plan Mix

The distribution of members across plans is expected to gravitate towards the silver metal plan. The shift in the membership will result in a **1.2%** plan mix trend. This trend is reflected under "Util Adj 3" of the SRRT. Please see below for a distribution of members across plans.

Table 5: Plan Mix

	2014	2015	2016
Platinum	9.9%	9.9%	9.9%
Gold	10.4%	11.1%	11.6%
Silver	19.2%	21.4%	22.4%
Bronze	22.3%	20.9%	21.1%
Catastrophic	2.8%	1.6%	1.3%
CSR Variant	35.4%	35.1%	33.7%
Total	100.0%	100.0%	100.0%

f. Other Changes

In addition to the trends listed above, the following adjustments are reflected under the "Cost Adj 1" of the SRRT to reflect one-time adjustments relative to our 2014 experience.

- **Network Changes:** Additional providers are being included to our network which will allow for converting four EPO regions into PPO regions so we have a full PPO network across the state. Additional providers are also being included in existing PPO regions to increase the breadth of the network. This is expected to increase costs by 0.6%.
- **Rx Utilization:** Pharmacy utilization ramped up throughout 2014 and has remained high into 2015. This increase in pharmacy utilization has not been incorporated into the 2015 and 2016 core trends and results in a 1.2% increase in costs.
- **Payment Errors:** A variety of payment issues including adjudication errors, incorrect identification of out of network providers, and payment for lapsed members inflated cost in

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2014. We have made the appropriate revisions to mitigate these types of errors and do not expect these costs in our 2014 experience to continue and will result in a 2.6% decrease in costs.

g. Pediatric Benefits

Of the required benefits covered under the Essential Health Benefits package, we only expect pediatric dental and pediatric vision to have a significant impact on costs. Please note that experience for pediatric vision and dental are not reflected in the experience period because they were not embedded benefits, but the projected costs include pediatric dental and vision. The impact of pediatric vision and dental is included in the URRT as a trend component and results in a **0.9%** increase in trend. This trend is reflected under “Cost Adj 2” of the SRRT.

h. Trend Factors (cost/utilization)

Trend factors are derived from historical Blue Shield experience. The key components of the trend factor buildup are as follows:

- effective days trend which is largely a leap year effect,
- CoHC strategies and initiatives that are expected to produce incremental cost savings,
- provider contracting changes,
- and residual trends that reflect the unexplained variance from actual trend after accounting for demographics, underwriting wear-off, benefits, and seasonality changes.

We have historically seen higher trends in the Individual market, as compared to the Group market (reflected in the residual trend measurements). We believe that these higher trends were due to plan migration effects that no longer apply in a post-ACA guaranteed issue market. We have thus chosen to use the lower residual trends derived from our large group experience for setting the 2015 and 2016 trends. The table below summarizes the trend assumptions separately for 2015 and 2016 (this reconciles to the overall trends shown in columns L and M of the URRT).

Table 6: Trend Assumptions by Year (Cost/Utilization combined)

Benefit Category	2015	2016
Inpatient Hospital	3.0%	4.0%
Outpatient Hospital	5.0%	6.1%
Professional	4.8%	5.2%
Other Medical	5.3%	6.1%
Capitation	18.8%	5.9%
Prescription Drug	12.1%	11.2%
Total	6.2%	6.5%

VI. Paid to Allowed Ratio

The Paid to Allowed Average Factor in the Projection Period is developed from the total projected paid costs divided by the projected allowed costs. The following table shows the paid to allowed ratio for each plan and in total.

Table 7: Paid to Allowed by Plan Design

Plan	Enrollment	Allowed	Paid to Allowed
Standard Platinum	9.9%	\$1,097.60	91.6%
Standard Gold	11.6%	\$528.77	84.3%
Standard Silver	56.1%	\$418.85	75.7%
Standard Bronze	13.3%	\$218.26	65.2%
Standard Bronze HSA	7.8%	\$235.38	60.9%

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Catastrophic	1.3%	\$165.97	59.6%
Silver Seven 3750	0.0%	\$0.00	76.0%
Silver 1850	0.0%	\$0.00	75.8%
Bronze 5550	0.0%	\$0.00	65.3%
Total	100.0%	\$454.71	79.3%

VII. Risk Adjustment and Reinsurance

a. Projected Risk Adjustments PMPM

The risk adjustment transfer has been one of the most challenging components to project as it reflects the risk relative to the market. Our risk adjustment projections are based on the results from a statewide study conducted by an external consulting firm. They collected diagnosis data from all of the major insurance companies in California and simulated the risk adjustment transfer. Based on these results and the changes to the risk score factors announced in the final 2016 NBPP, we have determined the following risk adjustment transfer PMPMs.

Table 8: Risk Adjustment PMPM by Plan Design

Plan	Enrollment	Risk Adjustment
Standard Platinum	9.9%	\$379.18
Standard Gold	11.6%	\$51.77
Standard Silver	56.1%	\$2.37
Standard Bronze	13.3%	-\$110.56
Standard Bronze HSA	7.8%	-\$110.56
Catastrophic	1.3%	\$26.56
Silver Seven 3750	0.0%	\$2.37
Silver 1850	0.0%	\$2.37
Bronze 5550	0.0%	-\$110.56
Total	100.0%	\$21.92

b. Projected ACA Reinsurance Recoveries

We estimated the percentage of claims that would be covered by the temporary reinsurance program based on 2014 experience. The reinsurance program reimburses carriers for 50% of a member's claims between the amounts of \$90,000 and \$250,000. We expect to receive a gross reinsurance payment of \$22.10 or a net reinsurance payment of \$19.86 PMPM after the reinsurance fee of \$2.25.

Per the URRT instructions, the reinsurance PMPM shown in cell V37 of the first tab is net of the \$2.25 PMPM contribution fee.

VIII. Non-Benefit Expense and Profit & Risk

a. Administrative Expense Load

Administrative expense load assumptions were developed from Blue Shield historical expense costs, with appropriate trend adjustments to 2016. The table below splits out the administrative expense load into medical and pediatric components.

Table 9: PMPM Administrative Expense Load

Medical Admin PMPM	\$36.13
Medical Broker Commission	\$7.71
Medical Management	\$2.56
Pediatric Admin	\$1.08

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Total Admin	\$47.48
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b. Contribution to Surplus and Risk Margin

The proposed rate increase reflects an expected contribution to surplus of 2.09% or \$8.37 PMPM. Please note that this represents an increase of 0.1% from 2015.

c. Taxes and Fees

The following taxes and fees are built into the proposed pricing:

- **Insurer Tax:** This is the percent of premium fee imposed by Section 9010 of the ACA. Per 9010(e), the federal government will collect \$8 billion from the industry for 2014 and \$11.3 billion in 2015 and 2016. We estimate the fee to be assessed at 1.7% of revenue for 2016.
- **Exchange Participation Fee:** Per guidance issued by Covered California, we assumed a Participation Fee of \$13.95 PMPM for all business sold through the Covered California exchange. As required by the Market Rules, the anticipated total fees are spread equally across our entire non-grandfathered book of business in 2016. With these assumptions, the projected PMPM Participation fee used for pricing is \$8.87.
- **Income Taxes:** Income taxes are anticipated to be 40.75% of pre-tax earnings. Note that the insurer tax mentioned above cannot be deducted from earnings.

Table 10: Taxes and Fees

Insurer Tax	\$6.82
Exchange Participation Fee	\$8.87
PCORI Fee	\$0.18
Income Taxes	\$10.43
Taxes & Fees	\$26.31

IX. Projected Loss Ratio

The projected 2016 Federal Loss Ratio for our non-grandfathered Individual business is 85.7%. Please note that this determination is an estimate as it does not include all the applicable adjustments and experience that the actual federal MLR rebate calculation is based on. The actual 2016 federal MLR determination is based on a three year aggregate.

X. Index Rate

The index rate is the total allowed costs for providing essential health benefits within the single risk pool of the non-grandfathered Individual plans in California. The index rate is expected to increase from \$393 in 2014 to \$454 in 2016. The annualized trend in the index rate is 7.5%.

XI. Market Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules. The following market-wide adjustments to the Index Rate have been made:

- Federal reinsurance program adjustment
- Risk adjustment transfer
- Marketplace user fee adjustment

The buildup of the Market Adjusted Index Rate has been provided in the SRRT.

XII. Plan Adjusted Index Rate

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The Plan Adjusted Index Rate is calculated as the Market Adjusted Index Rate adjusted for all the allowable plan level modifiers defined in the market rating rules:

- Actuarial value and cost-sharing adjustment
- Provider network, delivery system and utilization management adjustment
- Adjustment for benefits in addition to essential health benefits
- Impact of specific eligibility categories for the catastrophic plan
- Adjustment for distribution and administrative costs

The buildup of the Plan Adjusted Index Rate has been provided in the SRRT. The AV and cost-sharing adjustment takes into account benefit and utilization differences. There is no adjustment for provider network since all plans are on the same network. The impact of specific eligibility categories for the catastrophic plan is consistent with the 2015 filing.

XIII. Calibration

a. Age Curve Calibration

The approximate weighted average age during the experience period was 39 years. Please note this average includes all members and not just billable members and this average was not used to determine the age curve calibration.

The age curve calibration is equal to the age curve factor for age 21 divided by the weighted average age curve factor of our 2014 membership. We have also included a 0.009 adjustment to the calibration due to membership data discrepancies that would artificially lower the proposed rates. The resulting age curve calibration factor is 0.649.

b. Geographic Factor Calibration

The geographic factor calibration is equal to 1 divided by the weighted average 2016 region factors across our 2014 membership. The resulting geographic factor calibration is 1.000.

XIV. AV Metal Values

Worksheet 2 of the URRT contains the following standard plan designs in addition to the alternative plan designs that will be offered strictly off the Exchange:

Table 11: Metal Level Actuarial Values by Plan

<u>Plan</u>	<u>Metal AV</u>
Standard Platinum	0.885
Standard Gold	0.802
Standard Silver	0.705
Standard Bronze	0.619
Standard Bronze HSA	0.611
Catastrophic	0.616
Silver Seven 3750	0.707
Silver 1850	0.705
Bronze 5550	0.620

Please note that we are relying on Covered California's determination of the Federal Actuarial Values for the standard plan designs.

XV. AV Pricing Values

The permitted plan-level adjustments to the index rate are:

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- The actuarial value and cost sharing design of the plan
- The plan’s provider network delivery system and utilization management practices
- The benefits provided under the plan that are in addition to the essential health benefits
- Administrative costs, excluding Exchange user fees
- With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans

The table below shows, for each filed plan, the impact of cost sharing and induced utilization separately.

Table 12: Cost Sharing and Induced Utilization Pricing Factors

Plan	Cost Share	Induced	Total
Standard Platinum	0.915	1.292	1.182
Standard Gold	0.855	1.084	0.927
Standard Silver	0.801	0.915	0.733
Standard Bronze	0.663	0.946	0.628
Standard Bronze HSA	0.669	0.946	0.633
Catastrophic	0.647	0.946	0.613
Silver Seven 3750	0.772	0.915	0.707
Silver 1850	0.744	0.915	0.680
Bronze 5550	0.647	0.946	0.613

The impact of cost sharing was derived from an internally developed actuarial value calculator, based on 2014 experience of this block. The development of the induced utilization assumption was also based on 2014 experience of this block. Allowed costs were normalized by health status and bucketed into metal levels to estimate the amount of induced utilization in each metal level.

XVI. Membership Projections

Membership projections by plan are based on a variety of sources and factors. The total market growth is estimated by looking at internal and external sources and then we apply an assumption on our expected market share based on a combination of historical information and competitive positioning across regions. This determines our growth by plan and we allocate the growth between sales and lapses using historical lapse rate and sales trends.

The same methodology is used to project the proportion of enrollment that will elect the cost share reduction variants of the Silver plans. The table below shows Silver plan enrollment split by cost share subsidy level.

Table 13: Projected Member Months in Silver Cost Share Subsidized Plans

Silver Variant	Act Value	Member Months
138-150%	94%	21.5%
150-200%	87%	31.8%
200-250%	73%	11.5%
250%+	70%	35.2%
Total		100.0%

XVII. Terminated Products

The only non-grandfathered products to be terminated prior to January 1, 2016 are the non-grandfathered products that implemented in EPO regions. As previously stated, we have increased the breadth of the network to extend our PPO plans into these regions. Our members who were previously on EPO plans

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will be migrated to PPO plans effective January 1, 2016. The plans associated with our EPO region will be terminated December 31, 2015:
70285CA126, 70285CA128, 70285CA130, 70285CA133, 70285CA134, and 70285CA136.

XVIII. Plan Type

All of the plans included in the URRT are PPO plans.

XIX. Warning Alerts

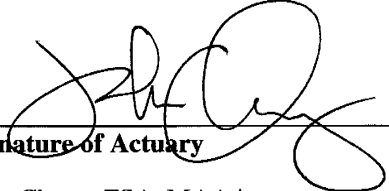
There are no warnings indicated in Worksheet 2.

XX. Actuarial Certifications

- a. Certifying actuary:** I, John Chong, Senior Manager, am an employee of Blue Shield of California, a Fellow of the Society of Actuaries, and a member of the American Academy of Actuaries.
- b. Index rate:**
1. In my opinion the projected index rate:
 - is in compliance with applicable State and Federal statutes, in particular it complies with 45 CFR 156.80(d)(1);
 - was developed in compliance with the applicable Actuarial Standards of Practice
 2. In my opinion the plan level adjusted index rates:
 - were developed in compliance with the applicable Actuarial Standards of Practice
 - are reasonable in relation to the benefits to be provided
 - are neither excessive or unfairly discriminatory
 - were developed using only the permitted plan level adjustments
- c. Plan Level Rates:** In my opinion, the plan level rates used to develop the plan rates were generated using only the index rate and allowable adjustments as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2).
- d. Percent of Total Premium for Essential Health Benefits:** In my opinion, the percent of total premium that represents essential health benefits shown in Sections III and IV of the URRT were calculated in accordance with actuarial standards of practice.
- e. AV Metal Values:** I have relied on Covered California's determination of AV Metal values for their standardized plans. To my knowledge, the Federal AV calculator was used for this purpose and no alternate methodologies were used in the calculation of the AV Metal Values.
- f. Qualification of opinion:** The Part I Unified Rate Review Template does not demonstrate the process that was used to determine rates. Rather it represents information required by Federal regulation to be provided in support of the review of rate increases. We have completed the template to the best of our ability and believe our responses to be accurate and in accordance with the instructions provided.
- g.** I, (John Chong, FSA, MAAA), certify that I am knowledgeable as to the California laws and regulations that apply to this filing and that, to the best of my knowledge and belief, this filing is in compliance with such laws and regulations and provides all required benefits.

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- h.** I, (John Chong, FSA, MAAA), am of the opinion that this filing is in compliance with the applicable Federal and State Laws and Regulations concerning the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.



Signature of Actuary

John Chong, FSA, MAAA

Printed Name of Actuary

100 N. Sepulveda Blvd, El Segundo, CA 90245

Address of Actuary

310-744-2923

Telephone number of Actuary

July 17, 2015

Date

Blue Shield of California:

Blue Shield of California is implementing a rate change for our Individual and Family Plan (IFP) Non-Grandfathered members on January 1, 2016. This will be the only medical plan rate increase for our IFP Non-Grandfathered members in 2016. The two main drivers of the rate increase are explained below.

Core Trend

The cost of hospital services, physician services and prescription drug coverage for our individual members continues to rise. Those increases are driven both by higher payment rates to healthcare providers, as well as increased utilization of services. Rates for Blue Shield are also impacted by the growth in high cost specialty drugs, led by expensive new drugs like Sovaldi. The proliferation of these high cost drugs, and continued increases in pricing for existing drugs, have a direct impact on rates to our members.

Transitional Reinsurance Program

One of the provisions of the Affordable Care Act established a transitional reinsurance program to stabilize premiums in the individual market. The program will reimburse a percentage of claims within a range determined by HHS to the carrier. The impact is reflected in lower premiums since a portion of healthcare costs will be covered by the program. The transitional reinsurance program will cover significantly less costs in 2016 relative to 2015 which results in a rate increase driver in 2016.

Please note the projected federal medical loss ratio on these plans is projected to be 85.7% which means that for every dollar collected in premium, more than eighty five cents will be spent to cover medical expenses.

In 2011 we announced our 2 percent pledge – Blue Shield of California's commitment that if our net income exceeds 2 percent of our revenue, we will give back the difference to Blue Shield of California and Blue Shield of California Life & Health Insurance Company customers and the community. The 2 percent pledge is a direct reflection of our commitment to making healthcare coverage affordable.

The average increase will be 4.6 percent for subscribers in Blue Shield of California (Blue Shield) Non-Grandfathered plans, regulated by the California Department of Managed Health Care (DMHC). A subscriber's actual rate increase could be higher or lower depending on the benefit plan, geographic location and age.

**California Physicians' Service
dba Blue Shield of California
File No. 933-0043
Amendment No. 3255**

**Exhibit E-1
July 31, 2015**

Blue Shield of California (the "Plan") submits Blue Shield Amendment No. 3255, containing this Exhibit E-1 (Summary Description of the Filing) and attachments. The purpose of this filing is to submit the Plan's final rates for PPO benefit plans offered in the individual and family plan (IFP) market. The Plan filed the preliminary rates on June 5, 2015 and confirms these rates submitted herein are final, with no changes. The final rates will be in effect from January 1, 2016 through December 31, 2016, and provides information required by H&S Code §1385.03.

Information submitted in this filing are for the following IFP plans:

The same rates will be used for the On-Exchange and mirrored Off-Exchange version of each standardized benefit plan (Platinum, Gold, Silver, Bronze), as identified in the parentheses as On-Exchange, mirrored Off-Exchange, and American Indian-American Native (AI-AN).

- Platinum 90 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Gold 80 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Silver 70 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Silver 94 PPO (On-Exchange, subsidized)
- Silver 87 PPO (On-Exchange, subsidized)
- Silver 73 PPO (On-Exchange, subsidized)
- Bronze 60 PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Bronze 60 HSA PPO (On-Exchange, mirrored Off-Exchange, AI-AN)
- Minimum Coverage PPO (On-Exchange, mirrored Off-Exchange)
- \$0 Cost Share PPO AI-AN

- Bronze 5550 PPO (Off-Off Exchange)
- Silver 1850 PPO (Off-Off Exchange)
- Silver Seven 3750 PPO (Off-Off Exchange)

The following attachments are submitted in this filing:

- Independent Actuarial Certification
- California Rate Filing Form
- California Rate Filing Spreadsheet
- Supplemental Rate Information (Questions #20, 21, and 24)
- California Plain-Language Rate Filing Description
- California Plain-Language Spreadsheet
- Actuarial Memorandum
- Unified Rate Review Template

- Individual Rates Table Template (Covered California)
- Part II Rate Justification
- Mapping of HIOS IDs and Plan names

State: California **Filing Company:** California Physicians' Service dba Blue Shield of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005A Individual - Preferred Provider (PPO)
Product Name: PPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSAPPO Standard-Platinum,Gold ,Silver ,Bronze,Catastrophic ,Bronze HSA,Platinum HSA
Project Name/Number: IFP Exchange Rates (NGF) Eff. Jan. 1, 2016/IFP Exchange Rates (NGF) Eff. Jan. 1, 2016

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
06/05/2015		Supporting Document	Premium Rate Public Website Information	07/30/2015	