

State: California **Filing Company:** Molina Healthcare of California
TOI/Sub-TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

Filing at a Glance

Company: Molina Healthcare of California
 Product Name: Molina Marketplace 2016
 State: California
 TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)
 Sub-TOI: HOrg02I.005D Individual - HMO
 Filing Type: Rate
 Date Submitted: 05/15/2015
 SERFF Tr Num: MHCA-130080886
 SERFF Status: Assigned
 State Tr Num:
 State Status: In Progress
 Co Tr Num: MHC 15-076

 Implementation: 01/01/2016
 Date Requested:
 Author(s): Yunkyung Kim, Kim Nguyen, Vicente Garcia
 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:** Molina Healthcare of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

General Information

Project Name: MHC 15-076	Status of Filing in Domicile: Pending
Project Number:	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: Vicente Garcia
Submitted By: Vicente Garcia	Corresponding Filing Tracking Number: MHC 15-076
	PPACA: Non-Grandfathered Immed Mkt Reforms
PPACA Notes: null	
Include Exchange Intentions:	No

Filing Description:
 To: California Department of Managed Health Care
 From: Molina Healthcare of California
 Date: May 15, 2015
 RE: Product Filing - California Health Benefit Exchange

Molina Healthcare of California (Plan) submits this initial rate review filing for its offering of qualified health plans (QHPs) for Covered California for the individual market.

Per the DMHC's April 8, 2015, QHP HBEX Filing Checklist, the following documents are included as part of this initial rate filing: Actuarial Memorandum and Certifications, Rate Data Template (XML), Rate Schedule, and Unified Rate Review Template.

Company and Contact

Filing Contact Information

Yunkyung Kim,	Yunkyung.Kim@MolinaHealthcare.com
200 Oceangate, Suite 100	888-562-5442 [Phone] 127004 [Ext]
Long Beach , CA 90802	

Filing Company Information

Molina Healthcare of California	CoCode:	State of Domicile: California
200 Oceangate, Suite 100	Group Code:	Company Type: HMO
Long Beach, CA 90802	Group Name:	State ID Number:
(888) 562-5442 ext.	FEIN Number: 33-0342719	
127004[Phone]		

Filing Fees

Fee Required?	No
Retaliatory?	No

State: California **Filing Company:** Molina Healthcare of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

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).: -5.9

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).: -1.5

State: California **Filing Company:** Molina Healthcare of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

Correspondence Summary

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Form	Rate Filing Form	Vicente Garcia	07/30/2015	07/30/2015
Form	Plain Language Spreadsheet	Vicente Garcia	07/30/2015	07/30/2015
Form	Plain Language Filing Description	Vicente Garcia	07/30/2015	07/30/2015
Form	Rate Filing Spreasheet	Vicente Garcia	07/30/2015	07/30/2015
Rate	Unified Rate Review (URRT)	Vicente Garcia	07/30/2015	07/30/2015
Supporting Document	Independent Actuarial Certification	Vicente Garcia	07/30/2015	07/30/2015
Supporting Document	Unified Rate Review Template	Vicente Garcia	07/30/2015	07/30/2015
Supporting Document	Actuarial Memorandum and Certifications	Vicente Garcia	07/30/2015	07/30/2015

State: California **Filing Company:** Molina Healthcare of California
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Amendment Letter

Submitted Date: 07/30/2015

Comments:

The Plan submits its complete rate filing for the DMHC review. Rates have been revised since last submission in accordance to Covered CA.

Changed Items:

Form Schedule Item Changes								
Item No.	Form Name	Form Number	Form Type	Form Action	Action Specific Data	Readability Score	Attachments	Submitted
1	Rate Filing Form		OUT	Initial			2015-07-30 Rate Filing Form.pdf	Date Submitted: 07/30/2015 By:
2	Plain Language Spreadsheet		OUT	Initial			2015-07-30 CA Plain Language Spreadsheet.xls	Date Submitted: 07/30/2015 By:
3	Plain Language Filing Description		OUT	Initial			2015-07-30 Plain Language Filing Description.PDF	Date Submitted: 07/30/2015 By:
4	Rate Filing Spreasheet		OUT	Initial			2015-07-30 CA Rate Filing Spreadsheet.xls	Date Submitted: 07/30/2015 By:

Rate/Rule Schedule Item Changes							
Item No.	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments	Date Submitted	
1	Unified Rate Review (URRT)		Revised	Previous State Filing Number: Percent Rate Change Request:	2015-07-30 URRT.xlsm,	07/30/2015 By:	
<i>Previous Version</i>							
1	Unified Rate Review (URRT)		New		2015-05-06 URRT.xlsm,	05/15/2015 By: Vicente Garcia	

State: California **Filing Company:** Molina Healthcare of California
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Supporting Document Schedule Item Changes

Satisfied - Item:	Independent Actuarial Certification
Comments:	The Plan submits the revised 2015-07-30 CA Independent Actuarial Certification.
Attachment(s):	2015-07-30 CA Independent Actuarial Certification.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Independent Actuarial Certification</i>
Comments:	
Attachment(s):	<i>20140731IndependentActuarialCertificationMolinaHealthcareInc.pdf</i>
Satisfied - Item:	Unified Rate Review Template
Comments:	The Plan submits the revised 2015-07-30 URRT and the 2015-07-30 SRRT.
Attachment(s):	2015-07-30 URRT.xlsm 2015-07-30 SRRT.xlsb
<i>Previous Version</i>	
Satisfied - Item:	<i>Unified Rate Review Template</i>
Comments:	
Attachment(s):	<i>2015-05-06 URRT.xlsm</i>
Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	The Plan submits the revised 2015-07-30 CA Actuarial Memorandum and Certification.
Attachment(s):	2015-07-30 CA Actuarial Memorandum and Certification.pdf
<i>Previous Version</i>	
Satisfied - Item:	<i>Actuarial Memorandum and Certifications</i>
Comments:	
Attachment(s):	<i>2015-05-01 ActuarialMemorandumandCertification.pdf</i>

State: California **Filing Company:** Molina Healthcare of California
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Post Submission Update Request Processed On 07/31/2015

Status: Allowed
Created By: Vicente Garcia
Processed By: Brent Cho
Comments:

Company Rate Information:

Company Name: Molina Healthcare of California

Field Name	Requested Change	Prior Value
Overall % Indicated Change	-7.800%	-4.300%
Overall % Rate Impact	-7.800%	-4.300%
Written Premium Change for this Program	\$-4999223	\$-2831580
Written Premium for this Program	\$64085469	\$66550260
Maximum %Change (where required)	-0.900%	1.500%
Minimum %Change (where required)	-9.900%	-5.900%

REQUESTED RATE CHANGE INFORMATION:

Benefit Change:	Decrease	Increase
Min:	-9.900	-5.900
Max:	-0.900	1.5
Weighted Avg.:	-7.800	-4.3

REQUESTED RATE:

Projected Earned Premium:	155,971,667.000	169,914,736.000
Min:	94.670	98.980
Max:	753.130	785.960
Weighted Avg.:	285.700	296.480

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Product Name: Molina Marketplace 2016
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Form Schedule

Lead Form Number:								
Item No.	Schedule Item Status	Form Name	Form Number	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1		Rate Filing Form		OUT	Initial			2015-07-30 Rate Filing Form.pdf
2		Plain Language Spreadsheet		OUT	Initial			2015-07-30 CA Plain Language Spreadsheet.xls
3		Plain Language Filing Description		OUT	Initial			2015-07-30 Plain Language Filing Description.PDF
4		Rate Filing Spreasheet		OUT	Initial			2015-07-30 CA Rate Filing Spreadsheet.xls

Form Type Legend:

ADV	Advertising	AEF	Application/Enrollment Form
CER	Certificate	CERA	Certificate Amendment, Insert Page, Endorsement or Rider
DDP	Data/Declaration Pages	FND	Funding Agreement (Annuity, Individual and Group)
MTX	Matrix	NOC	Notice of Coverage
OTH	Other	OUT	Outline of Coverage
PJK	Policy Jacket	POL	Policy/Contract/Fraternal Certificate
POLA	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	SCH	Schedule Pages

SERFF Tracking #:

MHCA-130080886

State Tracking #:

Company Tracking #:

MHC 15-076

State:

California

Filing Company:

Molina Healthcare of California

TOI/Sub-TOI:

HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO

Product Name:

Molina Marketplace 2016

Project Name/Number:

MHC 15-076/

Attachment 2015-07-30 CA Plain Language Spreadsheet.xls is not a PDF document and cannot be reproduced here.

Attachment 2015-07-30 CA Rate Filing Spreadsheet.xls is not a PDF document and cannot be reproduced here.

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:

Molina Healthcare of California, Inc.

- 2) Number of plan contract forms covered by the filing: 5
- 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:

<input checked="" type="checkbox"/>	HMO (Health Maintenance Organization)
<input type="checkbox"/>	PPO (Preferred Provider Organization)
<input type="checkbox"/>	EPO (Exclusive Provider Organization)
<input type="checkbox"/>	POS (Point of Service)
<input type="checkbox"/>	Other (describe): _____

5) Segment type. One of the following:

<input type="checkbox"/>	Small Group (2-50 employee)
<input checked="" type="checkbox"/>	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

<input checked="" type="checkbox"/>	For-profit company
<input type="checkbox"/>	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:

<input checked="" type="checkbox"/>	Filing for Existing Product
<input type="checkbox"/>	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: 1/1/2016

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.

6.7%

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	6.5%
Hospital Outpatient (including ER)	6.5%
Physician/other professional services	6.5%
Prescription Drug	7.5%
Laboratory (other than inpatient)	6.5%
Radiology (other than inpatient)	6.5%
Capitation (professional)	7.5%
Capitation (institutional)	N/A
Capitation (other)	N/A
Other (describe)	7.5% (includes: Durable Medical Equipment, Ambulance, Prosthetics, and Glasses)

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: 3.2%
	Trend attributable to price inflation: 3.2%
	Trend attributable to fees and risk: 0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 3.2%
	Trend attributable to price inflation: 3.2%
	Trend attributable to fees and risk: 0%
Physician/other professional services	Trend attributable to use of services: 3.2%
	Trend attributable to price inflation: 3.2%
	Trend attributable to fees and risk: 0%

Prescription Drug	Trend attributable to use of services: 3.7%
	Trend attributable to price inflation: 3.7%
	Trend attributable to fees and risk: 0%
Laboratory (other than inpatient)	Trend attributable to use of services: 3.2%
	Trend attributable to price inflation: 3.2%
	Trend attributable to fees and risk: 0%
Radiology (other than inpatient)	Trend attributable to use of services: 3.2%
	Trend attributable to price inflation: 3.2%
	Trend attributable to fees and risk: 0%
Capitation (professional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 7.5%
	Trend attributable to fees and risk: 0%

Capitation (institutional)	Trend attributable to use of services: N/A
	Trend attributable to price inflation: N/A
	Trend attributable to fees and risk: N/A
Capitation (other)	Trend attributable to use of services: N/A
	Trend attributable to price inflation: N/A
	Trend attributable to fees and risk: N/A
Other (describe)	Trend attributable to use of services: 3.2%

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.

	2014 Actual	2016 Projected	2016 vs 2014 % Annualized Change
Platinum	\$192.97	\$293.05	23%
Gold	\$184.93	\$267.52	20%
Silver	\$167.86	\$237.38	19%
Bronze	\$60.80	\$209.08	85%
Catastrophic	\$26.13	\$210.31	184%

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.

<p>Platinum: Applied Spec Rx Coinsurance Cap of \$250 Rate Impact: 0.45%</p> <p>Gold: Decreased OOPM from \$6,250 to \$6,200 Increase to PCP Copay from \$30 to \$35 Increase to Spec Copay from \$50 to \$55 Increase to Mental Health Copay from \$30 to \$35 Applied Spec Rx Coinsurance Cap of \$250 Rate Impact: 1.76%</p> <p>Silver 70: Increase in deductible from \$2,000 to \$2,250 Increase to Spec Copay from \$65 to \$70 Applied Spec Rx Coinsurance Cap of \$250 Rate Impact: 0.09%</p> <p>Silver 73: Increase in deductible from \$1,600 to \$1,900 Increased OOPM from \$5,200 to \$5,450 Increase to Spec Copay from \$50 to \$55 Increase to Preferred Brand Rx Copay from \$35 to \$45 Increase to non-Preferred Brand Rx Copay from \$60 to \$70 Applied Spec Rx Coinsurance Cap of \$250 Rate Impact: -1.58%</p> <p>Silver 87: Increase in deductible from \$500 to \$550 Increase to Spec Copay from \$20 to \$25 Increase to Preferred Brand Rx Copay from \$15 to \$20 Increase to non-Preferred Brand Rx Copay from \$25 to \$35 Applied Spec Rx Coinsurance Cap of \$150 Rate Impact: -1.36%</p> <p>Silver 94: Increase in deductible from \$0 to \$75 Increase in ER Copay from \$25 to \$30 Increase to PCP Copay from \$3 to \$5 Increase to Spec Copay from \$5 to \$8 Increase to Mental Health Copay from \$3 to \$5 Increase to Preferred Brand Rx Copay from \$5 to \$10 Increase to non-Preferred Brand Rx Copay from \$10 to \$15 Applied Spec Rx Coinsurance Cap of \$150 Rate Impact: -1.07%</p>	<p>Bronze: Changed Integrated Med & Rx Deductible to two separate individual ones 2016 Med deductible of \$6,000 2016 Rx deductible of \$500 Increased OOPM from \$6,250 to \$6,500 Changed Coinsurance from 30% to 100% Changed ER Copay from \$300 to 100% Coinsurance Increase to PCP Copay from \$60 to \$70 Increase to Spec Copay from \$70 to \$90 Increase to Mental Health Copay from \$60 to \$70 Change to Generic Copay from \$15 to 100% Coinsurance Change to Generic Copay from \$15 to 100% Coinsurance Change to Preferred Brand Copay from \$50 to 100% Coinsurance Change to non-Preferred Brand Copay from \$75 to 100% Coinsurance Applied Spec Rx Coinsurance Cap of \$500, Coinsurance now 100% Rate Impact: 2.01%</p> <p>Catastrophic: Increase in deductible from \$6,600 to \$6,6850 Increased OOPM from \$6,600 to \$6,850 Rate Impact: 3.1%</p>
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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.

N/A

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

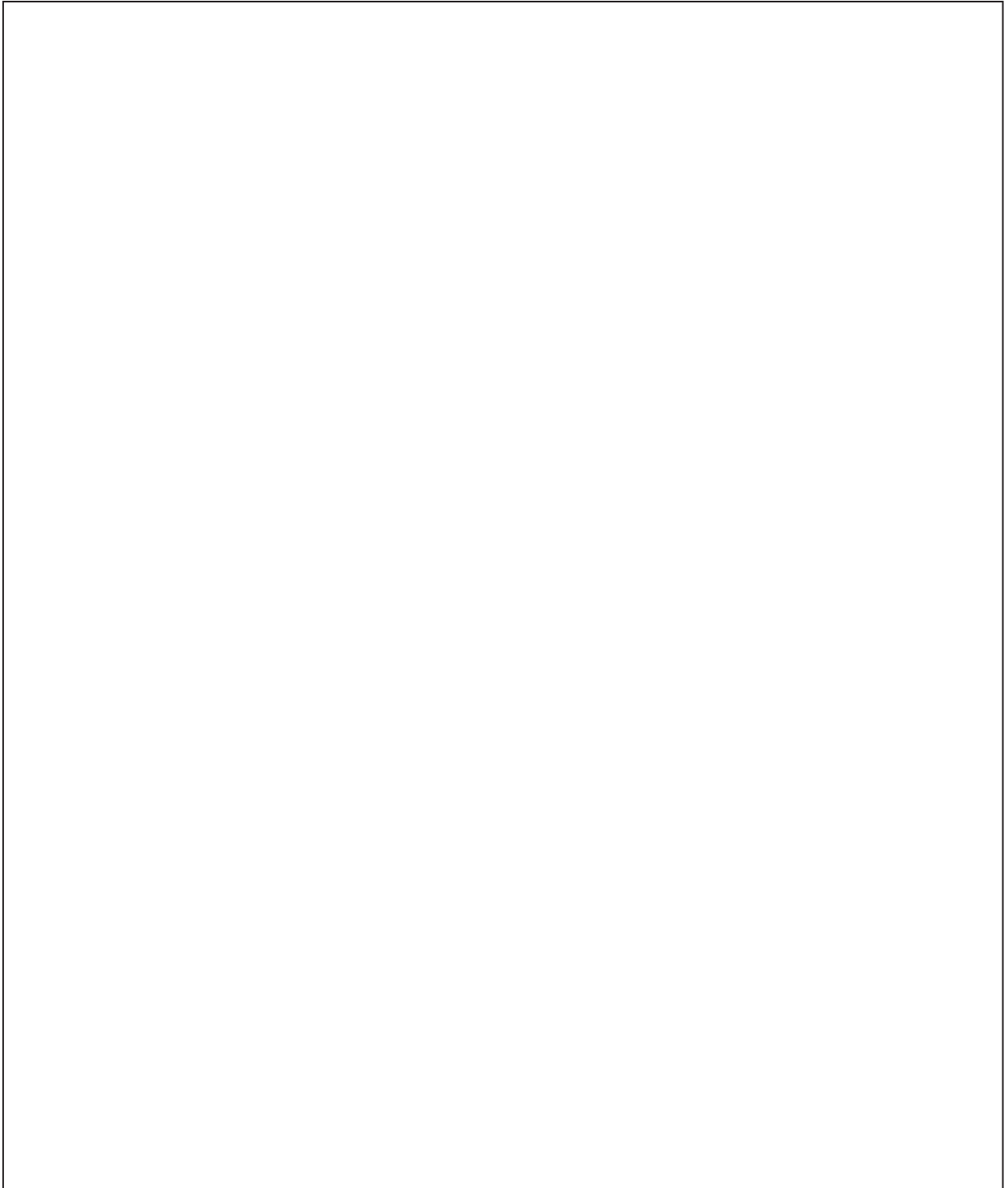
<input checked="" type="radio"/>	Submitted
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24) Changes in administrative costs

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.)

	2015	2016	2015 vs 2016 % Change
Salaries, wages, employment taxes, and other employee benefits	6.0%	6.0%	0.0%
Commissions	3.0%	3.0%	0.0%
Taxes, Licenses, and other fees	6.3%	6.7%	0.4%
Cost containment programs / quality improvement activities	1.5%	1.5%	0.0%
Total	16.8%	17.2%	0.4%

25) Comments. Place any needed comments here.

A large, empty rectangular box with a thin black border, intended for providing comments. It occupies the majority of the page's vertical space below the instruction.

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.)

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.

SERFF Tracking #:

MHCA-130080886

State Tracking #:

Company Tracking #:

MHC 15-076

State: California **Filing Company:** Molina Healthcare of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

Rate Information

Rate data applies to filing.

Filing Method: SERFF Filing for Existing Product
Rate Change Type: Decrease
Overall Percentage of Last Rate Revision: 2.600%
Effective Date of Last Rate Revision: 01/01/2015
Filing Method of Last Filing: SERFF

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):
Molina Healthcare of California	Decrease	-7.800%	-7.800%	\$-4,999,223	13,973	\$64,085,469	-0.900%	-9.900%

State: California Filing Company: Molina Healthcare of California
 TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
 Product Name: Molina Marketplace 2016
 Project Name/Number: MHC 15-076/

Rate Review Detail

COMPANY:

Company Name: Molina Healthcare of California
 HHS Issuer Id: 18126

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Molina Marketplace Bronze Plan	18126CA001	18126	13181
Molina Marketplace Catastrophic Plan	18126CA001	18126	29
Molina Marketplace Gold Plan	18126CA001	18126	344
Molina Marketplace Platinum Plan	18126CA001	18126	366
Molina Marketplace Silver Plan	18126CA001	18126	5834

Trend Factors:

FORMS:

New Policy Forms: Molina Marketplace 20151120
 Affected Forms:
 Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 233,388
 Benefit Change: Decrease
 Percent Change Requested: Min: -9.9 Max: -0.9 Avg: -7.8

PRIOR RATE:

Total Earned Premium: 69,507,672.00
 Total Incurred Claims: 56,966,881.00
 Annual \$: Min: 105.09 Max: 601.41 Avg: 309.98

REQUESTED RATE:

Projected Earned Premium: 155,971,667.00
 Projected Incurred Claims: 0.00
 Annual \$: Min: 94.67 Max: 753.13 Avg: 285.70

State: California **Filing Company:** Molina Healthcare of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Unified Rate Review (URRT)		Revised	Previous State Filing Number: Percent Rate Change Request:	2015-07-30 URRT.xlsm,

SERFF Tracking #:

MHCA-130080886

State Tracking #:

Company Tracking #:

MHC 15-076

State:

California

Filing Company:

Molina Healthcare of California

TOI/Sub-TOI:

HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO

Product Name:

Molina Marketplace 2016

Project Name/Number:

MHC 15-076/

Attachment 2015-07-30 URRT.xlsm is not a PDF document and cannot be reproduced here.

State: California **Filing Company:** Molina Healthcare of California
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: Molina Marketplace 2016
Project Name/Number: MHC 15-076/

Supporting Document Schedules

Satisfied - Item:	Independent Actuarial Certification
Comments:	The Plan submits the revised 2015-07-30 CA Independent Actuarial Certification.
Attachment(s):	2015-07-30 CA Independent Actuarial Certification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	The Plan submits the revised 2015-07-30 URRT and the 2015-07-30 SRRT.
Attachment(s):	2015-07-30 URRT.xlsm 2015-07-30 SRRT.xlsm
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	The Plan submits the revised 2015-07-30 CA Actuarial Memorandum and Certification.
Attachment(s):	2015-07-30 CA Actuarial Memorandum and Certification.pdf
Item Status:	
Status Date:	

SERFF Tracking #:

MHCA-130080886

State Tracking #:

Company Tracking #:

MHC 15-076

State:

California

Filing Company:

Molina Healthcare of California

TOI/Sub-TOI:

HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO

Product Name:

Molina Marketplace 2016

Project Name/Number:

MHC 15-076/

Attachment 2015-07-30 URRT.xlsm is not a PDF document and cannot be reproduced here.

Attachment 2015-07-30 SRRT.xlsb is not a PDF document and cannot be reproduced here.



**Molina Healthcare of California
Individual Rate Filing Effective January 1, 2016
Qualified Health Plan Products: Platinum, Gold, Silver, Bronze and Catastrophic
Actuarial Certification**

Purpose

The purpose of this actuarial certification is to meet the requirements of Health and Safety Section 1385.06(b) of the California Code of Regulations. The associated filing establishes premium rates for Molina Healthcare of California individual Qualified Health Plan products sold on the California Health Benefits Exchange effective January 1, 2016. The information contained in this filing may not be appropriate for other purposes.

Statement of Qualifications

I, Adrian Clark, Consulting Actuary, am associated with the firm of Milliman, Inc. Milliman is an independent actuarial consulting firm that is not affiliated with, nor a subsidiary of, nor in any way owned or controlled by a health plan, health insurer, or trade association of health plans or insurers. I am a member of the American Academy of Actuaries and have been retained by Molina Healthcare of California to perform this certification. I meet the Academy qualification standards for rendering the opinion.

Description of New Plan Rates

The 1/1/2016 Molina Marketplace Individual rates will be charged to individuals that begin or renew coverage on the California Health Benefit Exchange beginning 1/1/2016. The rates will be effective for an individual for 12 months.

The Molina Marketplace product consists of four metallic plans (Platinum, Gold, Silver, Bronze and a Catastrophic). Each plan will be offered in five separate rating regions – Imperial (Region 13), Los Angeles Partial – North (Region 15), Los Angeles Partial – South (Region 16), Inland Empire (Region 17), and San Diego (Region 19).

Testing Methods of Proposed Rates

My testing methods are provided in Attachment A.

Opinion of Adequacy of Proposed Premium Rates

In my opinion, the proposed premium rates in the filing are actuarially sound in aggregate for the Individual Market segment. I define actuarially sound as premium rates that in aggregate and together with expected reinsurance cash flows, governmental risk adjustment cash flows, investment income and current surplus are adequate to provide for all expected costs, including health benefits, health benefit settlement expenses, marketing and administrative expenses.

Description of Data, Assumptions, Rating Factors, and Methods Used in Rate Development

Please refer to the Part III of the Actuarial Memorandum, prepared by Ben Lynam, which is submitted with this filing for a complete description of data, assumptions, rating factors, and methods.

Opinion of Reasonableness of Rate Increase

In my opinion, the filed rate increase is reasonable, as defined in 45 CFR Part 154.205. Specifically, in my opinion the rate increase is not excessive, is not unjustified, and is not unfairly discriminatory, all as defined in 45 CFR Part 154.205.

To arrive at my opinion, I considered the following items, among others:

- The projected adjusted aggregate MLR is greater than the regulatory MLR minimum.
- The data used in the development of the rates is credible.
- The assumptions used are reasonable in light of past performance and reasonably expected future performance. The primary assumptions are regarding medical cost trend and relative health status.
- The data, assumptions, rating factors, and methods used to determine the premium rates are appropriate, and the documentation provided to the DMHC is appropriate.
- The filed rates result in premium differences that are permitted under California law and correspond reasonably to differences in expected costs.

Components of Review

Please refer to Appendix A for a description of the testing methods I used to reach my opinion.

Reliance

In forming my opinion, I relied upon data provided by Ben Lynam, Vice President – Actuarial Pricing, Molina Healthcare of California, as certified in Appendix B. I evaluated that data for reasonableness and consistency with other reports. If the underlying data or information is inaccurate or incomplete, the results of my analysis may likewise be inaccurate or incomplete.



Adrian Clark, FSA, MAAA

Consulting Actuary
Milliman, Inc.
1301 Fifth Avenue, Suite 3800
Seattle, Washington 98101
206-504-5844

July 29, 2015

Date

Milliman

Attachment A

Testing Methods for January 1, 2016 Molina Marketplace Individual Rate Filing

The following documents my testing methods for this filing:

Base Period Data Reconciliation and Reasonableness

I reconciled the 2014 individual exchange base period claims cost membership to a draft of Molina's internal reports of 2014 experience against the minimum MLR requirements. I also reviewed the profitability of the 2014 Individual Market

Development of Projected Claims Costs

Projected fee-for-service medical claim and pharmacy trends were compared to negotiated provider increases and industry standard trend assumptions.

I reviewed projected claims costs, including adjustments for differences in provider reimbursement, age/gender and health status and found Molina's projections reasonable.

I also reviewed projected claims costs in relation to emerging claims costs for the 2015 QHP members, although the claims experience was only for part of the year and included a fair portion of estimated claims incurred but not reported.

Furthermore, I relied on feedback from Peter Lee and others at Covered California as communicated to me by Ben Lynam in addition to the 2016 rates of other issuers as disclosed by Covered California in a July 27th, 2015 press release that the projected premiums (and therefore claims costs, assuming carriers have similar cost structures) were in line with individual market rates independently developed by other California carriers.

Development of Projected Revenue

Projected revenue is estimated by adding loads for administrative expenses, miscellaneous fees and risk margin to the projected claims cost. I reviewed these loads and found them to reasonably fund Molina's other expenses in addition to claims costs.

Proposed Rates with Respect to Target Loss Ratios and Minimum Loss Ratios

I have reviewed the target loss ratios of the projected rates with respect to the federal minimum loss ratio of 80%. The Molina Marketplace Individual rates across all plans are projected to produce a loss ratio above this minimum.

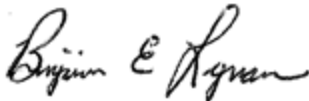
Attachment B
Statement Regarding Accuracy and Completeness of the Underlying Data Sources

Items Relied Upon During Testing by Milliman

- Numerous spreadsheets outlining the data collection and adjustment process.
- Spreadsheets detailing the rate development, including the claim cost components, benefit plan relativities, age / tier factors, and trend application.
- Documents presenting the development of the unit cost pricing trend and the utilization increase assumptions.
- Claims and enrollment base period data collection process and reconciliation to internal MLR reports.

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

I, Ben E. Lynam, FSA, MAAA, Vice President – Rating, for Molina Healthcare of California’s individual line of business, hereby affirm that the rate development information identified above and provided to Milliman, Inc. were prepared under my direction, and the data sources relied upon and supporting documentation are to the best of my knowledge accurate and complete, unless otherwise noted below. Finally, I affirm that all information that affects the actuarial items examined has been given to you, and I have disclosed all items of which I am aware that would have a material impact on the rate increase calculation.



Signature

July 28, 2015

Date

Milliman

**Molina Healthcare of California, Inc.
Covered California Individual Rate Submission**

**Actuarial Memorandum and Certification
Effective January 1, 2016**

The purpose of this actuarial memorandum and certification is to provide information related to Molina Healthcare of California, Inc.'s (Molina) Part I Unified Rate Review Template submission to the California Individual Marketplace (Covered California).

The actuarial memorandum and certification describe Molina's rating methodology used to develop rates for Individual products offered on Covered California effective January 1, 2016. Molina will not market Individual products outside the California Marketplace.

GENERAL INFORMATION

Molina Healthcare of California, Inc. is a managed care organization that provides healthcare services for over 578,000 individuals eligible for Medicaid, Medicare, and Marketplace throughout the state of California. Molina Healthcare of California, Inc. is a licensed state health plan managed by its parent corporation, Molina Healthcare, Inc.

Molina Healthcare, Inc. provides Medicaid-related solutions to meet the health care needs of low-income families and individuals. Molina operates health plans in 11 states and Puerto Rico serving approximately 2.9 million members who were eligible for Medicaid, Medicare, and other government-sponsored health care programs. The company offers health care services for its members through contracts with independent physicians and groups; hospitals; and ancillary providers, as well as through its clinics. Molina Healthcare, Inc. was founded in 1980 and is headquartered in Long Beach, California.

Molina Healthcare's mission is to provide quality health services to financially vulnerable families and individuals covered by government programs.

Company Identifying Information:

Company Identifying Information	
Legal Name:	Molina Healthcare of California, Inc.
State:	California
HIOS Issuer ID:	18126
Market:	Covered California Individual Marketplace
Effective Date:	January 1, 2016

Molina Healthcare of California, Inc.
Covered California Individual Rate Submission

Company Contact Information:

Company Contact Information	
Contact Name:	Ben Lynam
Telephone #:	562.506.9071
Email:	benjamin.lynam@molinahealthcare.com

PROPOSED RATE INCREASE(S)

Molina’s rate filing reflects the following rate changes by metal tier for Molina’s 19,449 members enrolled effective March 1, 2015 reported as of April 2015.

Rate Change by Metal Tier					
Product	Platinum	Gold	Silver	Bronze	Catastrophic
Members	61	344	5,834	13,181	29
Rate Change	-5.8%	-6.7%	-7.0%	-8.4%	-8.0%

The rate changes vary by metal tier due to changes in the Actuarial Value (AV) Pricing Values assigned to each metal plan that are applied to the Plan Adjusted Index Rate.

Reasons for Rate Increase(s):

Molina identified the following factors contributing to the overall decrease in Molina’s proposed rates.

- **Experience Period Morbidity:** The single risk pool claims experience is much more favorable than what was assumed in the rate development for the current rates.

Molina identified factors that mitigated the overall rate decrease:

- **Federal Transitional Reinsurance Program:** The Federal Transitional Reinsurance Program parameters changed reducing the anticipated reinsurance recoveries in 2016.
- **Pharmacy Changes:** Pharmacy tier definition changes and the implementation of member cost-sharing maximums applied on a per specialty drug prescription basis as required by Covered California increased expected pharmacy costs in 2016 relative to 2015.

Molina Healthcare of California, Inc.
Covered California Individual Rate Submission

- **Trend:** Molina trended the experience period claims at a 6.7% annualized trend rate.
- **Administrative Expenses:** Molina increased the expected administrative expenses associated with the Covered California membership.

MARKET EXPERIENCE

Molina’s 2014 experience in Part I of the Unified Rate Review Template (URRT) is based on 71,265 member months or 5,939 average members.

Experience Period Premium and Claims

Paid Through Date: The market experience reported in Worksheet 1, Section I of the URRT represents 2014 incurred claims paid through February 28, 2015. The IBNR factors applied to the 2014 claims experience were updated with data through May 2015.

Premiums (Net of MLR Rebate) in Experience Period: The premiums reported in Worksheet 1, Section I of the URRT represent only the earned premium from 2014. Molina has not accrued any amount for MLR rebates based off the 2014 Covered California experience.

Allowed and Incurred Claims in Experience Period: The following table reports the allowed and incurred claims during the 2014 experience period for Molina Marketplace.

2014 Experience Period -- Allowed and Incurred Claims						
	(1)	(2)	(3)	(4)		
Item	Allowed Claims	Member Cost Sharing	HHS Cost Sharing Reduction (CSR)	Incurred Claims	Comment	
a Medical Claims	11,314,215	6,641,914		4,672,301	(4) = (1) - (2)	
b Pharmacy Claims	746,828	226,179		520,649	(4) = (1) - (2)	
c Capitation	1,706,134	0		1,706,134	(4) = (1) - (2)	
d HHS CSR			-493,696	-493,696	(4) = (3)	
e Total	13,767,177	6,868,093	-493,696	6,405,388	e = a + b + c + d	

Molina applied completion factors to both the allowed and incurred medical claim amounts. The completion factors were developed separately for inpatient and non-inpatient medical claims from Covered California data. IBNR factors applied to the 2014 experience period were developed based on data paid through February 2015 and incurred through May 2015. The IBNR factors applied to the allowed and incurred claims are 1.742 and 1.531 respectively. Molina does not apply IBNR factors to capitation and pharmacy claims.

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Molina did not consider ACA related risk adjustment, reinsurance, and risk corridor payments/receivables in the experience data entered in Worksheet 1, Section I and Section II of the URRT.

All medical claims are paid through Molina’s claims system. Pharmacy claims are processed through Molina’s pharmacy benefit manager.

BENEFIT CATEGORIES

Molina assigned all experience claims to benefit categories utilizing Milliman’s MedInsight Health Cost Guidelines (HCG) grouper. The following table displays the measurement units related to each benefit category.

Benefit Categories	
Benefit Category	Description
Inpatient Hospital	Days
Outpatient Hospital	Visits
Professional	Services
Other Medical	Services
Capitation	Benefit Period
Prescription Drug	Prescription

PROJECTION FACTORS

Changes in the Morbidity of Population: The morbidity of Molina's covered population is expected to increase significantly as members with market average risk acuity enroll with Molina's base population that has very low relative risk scores. Molina participates in a Wakely Consulting Risk Survey which estimates potential CMS risk transfer payments or receivables in California and other states. From the Wakely Consulting Survey, Molina utilized the relative risk scores for Molina membership relative to the California industry average to estimate the change in morbidity of Molina’s population from the experience period to the projection period. Molina assumed the experience period population would maintain the same relative risk score in the projection period and that new members would enroll with the market-wide relative risk score of 1.00. The weighted average relative risk score in the projection period was compared to the relative risk score from the experience to derive a population morbidity adjustment.

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Covered California Individual Rate Submission

Population Morbidity Adjustment										
Metal Tier	2014		2015 @ March		2015 Renewed in 2016		2016 New		2016 Total	
	Mem Mths	Rel Risk	Mem	Rel Risk	Mem	Rel Risk	Mem	Rel Risk	Mem	Rel Risk
Platinum	713	0.814	61	1.355	54	1.355	133	1.000	187	1.103
Gold	1,987	0.840	344	0.848	305	0.848	528	1.000	833	0.944
Silver	16,207	0.951	5,834	0.995	5,165	0.995	17,400	1.000	22,565	0.999
Bronze	52,261	0.595	13,181	0.745	11,668	0.745	10,169	1.000	21,837	0.864
<u>Catastrophic</u>	<u>97</u>	<u>0.000</u>	<u>29</u>	<u>0.826</u>	<u>26</u>	<u>0.826</u>	<u>47</u>	<u>1.000</u>	<u>73</u>	<u>0.939</u>
Total	71,265	0.684	19,449	0.824	17,217	0.824	28,276	1.000	45,494	0.934

2014 Rel Risk	0.684	a
<u>2016 Rel Risk</u>	<u>0.934</u>	<u>b</u>
Morbidity Factor	1.364	c = b/a

Changes in Benefits: Molina applied adjustments to the experience period claims to reflect the addition of embedded pediatric dental benefits, the implementation member cost-sharing maximums applied per specialty drug prescription, and pharmacy formulary tier definition changes.

- **Embedded Pediatric Dental:** Molina offers embedded pediatric dental benefits for all Molina products that are not reflected in the experience period claims. The additional benefit cost is spread over the entire single risk pool.
- **Pharmacy Benefit Changes:** Molina will adopt all of the pharmacy changes prescribed by Covered California. The implementation of member cost-sharing maximums applied to specialty pharmacy as well as the changes to the pharmacy tier definitions will increase pharmacy costs. The additional benefit cost is applied to the pharmacy category of service and spread over the entire single risk pool.

Changes in Demographics: Molina applied a factor to the experience period claims to reflect a change in the age mix from the 2014 Covered California Data. Molina reviewed the demographics of its 2015 Marketplace enrollment through February 2015 as a starting point in projecting the age mix of 2016 enrollment. Additionally, Molina adjusted its 2015 Marketplace demographics with the expectation that the 2016 age distribution will be younger on average than the enrollment through February 2015.

Other Adjustments:

- **Cost Sharing Design:** Members will utilize services less frequently when their responsibility of cost-sharing increases. Molina calculated the cost sharing design utilization factor by estimating the members by metal tier and cost-sharing subsidy. Molina assigned each metal tier and cost-sharing subsidy tier a cost sharing design

Molina Healthcare of California, Inc.
Covered California Individual Rate Submission

utilization factor. Molina calculated the cost sharing design factor for the experience period and the projection period. Molina applied the difference in the factors as an adjustment to the experience period. Cost sharing design utilization factors do not include any adjustment for health status.

Cost Share Design (CSD) Factor				
Metal Tier	2014		2016	
	Member Months	CSD	Member Months	CSD
Platinum	713	0.954	2,238	0.954
Gold	1,987	0.874	9,990	0.874
Silver 100	6,111	0.934	70,970	0.934
Silver 150	7,734	0.897	120,103	0.897
Silver 200	1,409	0.832	43,674	0.832
Silver	953	0.825	36,031	0.825
Bronze	52,261	0.825	262,043	0.825
<u>Catastrophic</u>	<u>97</u>	<u>0.801</u>	<u>873</u>	<u>0.801</u>
Total	71,265	0.845	545,924	0.857

2014 CSD	0.845	a
<u>2016 CSD</u>	<u>0.857</u>	<u>b</u>
CSD Factor Adjustment	1.014	c = b/a

- **Internal Reinsurance:** Molina applied a factor for reinsurance coverage purchased exclusive of the federal reinsurance program.

Trend Factors: Since Molina has only one year of Covered California claims experience, trend factors were developed based upon publicly available commercial trends. Trend factors were applied separately for unit cost and utilization and by each major benefit category shown in Worksheet 1, Section I of the URRT. Molina trended the experience period claims forward 24 months from the midpoint of the base period, July 2014, to the midpoint of the projection period, July 2016. The chart below shows each annual trend by category of service.

Trend Type	Annual Claims Trends						
	IP	OP	Prof	Other	Rx	Cap	Total
Utilization	3.2%	3.2%	3.2%	3.2%	3.7%	0.0%	2.8%
<u>Unit Cost</u>	<u>3.2%</u>	<u>3.2%</u>	<u>3.2%</u>	<u>3.2%</u>	<u>3.7%</u>	<u>7.5%</u>	<u>3.8%</u>
Total	6.5%	6.5%	6.5%	6.5%	7.5%	7.5%	6.7%

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The following table summarizes all of the adjustments made to the data and their application to utilization versus unit cost.

Adjustments Made to the Marketplace Data								
Adjustment	Population Risk Adjustment	Util Adj 1	Util Adj 2	Util Adj 3	Cost Adj 1	Cost Adj 2	Cost Adj 3	PMPM
Change in Morbidity	1.364	1.000	1.000	1.000	1.000	1.000	1.000	1.364
Change in Benefits: Ped Dental	1.000	1.000	1.000	1.000	1.000	1.020	1.000	1.020
Change in Benefits: Pharmacy	1.000	1.000	1.000	1.000	1.013	1.000	1.000	1.013
Change in Demographics	1.000	1.000	0.974	1.000	1.000	1.000	1.000	0.974
Other: Cost-Sharing Utilization	1.000	1.014	1.000	1.000	1.000	1.000	1.000	1.014
<u>Other: Reinsurance</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.005</u>	<u>1.005</u>
Subtotal	1.364	1.014	0.974	1.000	1.013	1.020	1.005	1.399
Trend Factor	1.000	1.057		1.077		1.139		

Inclusion of Capitation Payments: All capitated payments are included in the experience data and rate development.

CREDIBILITY OF EXPERIENCE

Molina calculated the credibility percentage to apply to the Molina Marketplace experience data based on Molina’s experience period member months and the credibility formula below:

Molina Credibility Formula	
Experience Period Member Months	Credibility Formula
< 12,000	<i>Credibility % = 0%</i>
12,000 to 24,000	<i>Credibility % = $\sqrt{\frac{\text{Member Months}}{24,000}}$</i>
> 24,000	<i>Credibility % = 100%</i>

Molina’s 2014 experience in Part I of the Unified Rate Review Template (URRT) is based on 71,265 member months, resulting in a credibility percentage of 100.0%. Molina believes this method is consistent with the applicable American Academy of Actuaries’ Actuarial Standards of Practice (ASOP) No. 25 Credibility Procedures.

Molina Healthcare of California, Inc.
Covered California Individual Rate Submission

PAID TO ALLOWED RATIO

The Paid to Allowed ratio reflects the estimated cost-sharing in the projected period. The actuarial value (AV) for each product was based on output from the AV Calculator provided by CMS. The Paid to Allowed ratio is the average of AVs weighted by projected members. The AV Calculator utilizes commercial cost-sharing data for the standard population. Molina does not expect material cost sharing differences due to differences in the Covered California population and the standard population in the AV Calculator. Therefore, Molina believes using the AV calculator is appropriate for estimating the paid to allowed ratio in 2016. The table below documents the Paid to Allowed ratio factor entered into the URRT, Worksheet I, Section III.

Paid to Allowed Ratio		
Product	Member %	Actuarial Value
Platinum	0%	0.885
Gold	2%	0.802
Silver	50%	0.704
Bronze	48%	0.612
<u>Catastrophic</u>	<u>0%</u>	<u>0.616</u>
Paid to Allowed	100%	0.662

RISK ADJUSTMENT AND REINSURANCE

Projected Risk Adjustments PMPM: Molina participates in a Wakely Consulting Risk Survey that estimates potential risk transfer payments and/or receivables by issuer. Based on the most recent Wakely Survey, Molina will pay significant risk transfer payments for the 2015 experience period due to the relatively low risk acuity of Molina’s membership relative to the industry average. The 2015 risk transfer estimates are similar to the CMS Risk Transfer results for Molina related to the 2014 experience period.

To estimate Molina’s risk transfer payment for 2016, Molina expects to pay similar risk transfer payments for Molina’s 2015 enrollment that continues enrollment with Molina through 2016. However, Molina projects that risk acuity of new membership enrolling with Molina will be near the industry average risk score of 1.00 diminishing the risk transfer amounts in 2016 compared to 2015 and 2014. The resulting risk transfer payment estimate is \$25.51 per member per month (PMPM). Molina added \$0.15 PMPM in projected risk adjustment user fees to the \$25.51 PMPM risk transfer payment estimate and entered the total of \$26.61 PMPM in the URRT Worksheet I, Section III.

Molina Healthcare of California, Inc.
Covered California Individual Rate Submission

Risk Transfer Estimate

Metal Tier	2015 @ March		2015 Renewed in 2016		2016 New		2016 Total	
	Mems	Risk Xfer PMPM	Mems	Risk Xfer PMPM	Mems	Risk Xfer PMPM	Mems	Risk Xfer PMPM
Platinum	61	136.14	54	136.14	133	0.00	187	39.41
Gold	344	-58.49	305	-58.49	528	0.00	833	-21.40
Silver	5,834	-1.74	5,165	-1.74	17,400	0.00	22,565	-0.40
Bronze	13,181	-97.63	11,668	-97.63	10,169	0.00	21,837	-52.17
<u>Catastrophic</u>	<u>29</u>	<u>-66.75</u>	<u>26</u>	<u>-66.75</u>	<u>47</u>	<u>0.00</u>	<u>73</u>	<u>-23.54</u>
Total	19,449	-67.40	17,217	-67.40	28,276	0.00	45,494	-25.51

Projected ACA Reinsurance Recoveries Net of Reinsurance Premium: Molina’s net reinsurance adjustment is \$6.92 PMPM, where Molina expects \$9.17 PMPM in reinsurance recoveries reduced by \$2.25 PMPM in reinsurance premiums. Molina estimated the expected reinsurance recoveries based on Molina Marketplace data across all of Molina’s markets and the 2016 Federal Reinsurance parameters (50% coinsurance for claims exceeding 90,000 up to \$250,000). Molina estimates the potential recoveries to be worth 6% of claims. However, given Molina’s Covered California population lower than average risk acuity, Molina reduced the expected reinsurance recovery estimate to 4% of incurred claims, which resulted in \$9.17 PMPM in reinsurance recoveries. Molina deducted the Federal Reinsurance Premium of \$2.25 PMPM to yield \$6.92 PMPM in projected ACA Reinsurance Recoveries Net of Reinsurance Premium entered in URRT worksheet I, Section III.

NON-BENEFIT EXPENSES AND PROFIT & RISK

Administrative Expense Load: Molina assumed the administrative costs required to manage the Covered California population will be similar to the administrative cost required to manage Medicaid on a percentage of premium basis and made adjustments based on 2014 experience period expenses. Molina used an internal administrative cost budget on a PMPM basis and converted the costs to an overall percentage of premiums to apply to the Covered California rates. Molina added amounts to be paid for broker commissions to the administrative costs. The expected administrative expense load is 12.0%.

Administrative Expense Load		
Description	PMPM	% of Premium
Broker Commissions	8.57	3.0%
Corporate and Plan Expense	21.43	7.5%
<u>Quality Expenses</u>	<u>4.29</u>	<u>1.5%</u>
Total	34.28	12.0%

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Broker Commissions: Molina expects broker commissions of 3.0% of premium in 2016, based on Molina’s broker-sold business in 2015 and a projection of new and renewing members sold through the broker channel.

Profit & Risk Margin: Molina’s target margin, including risk margin, is 2.0%.

Taxes and Fees: Molina’s 8.1% estimate of taxes and fees is comprised of the following:

- **Covered California Exchange Fee:** Covered California will charge a fee of \$13.95 PMPM for each of Molina’s members enrolled in Covered California. The Exchange user fee is applied at the Market adjusted Index Rate.
- **Health Insurer Fee:** Molina estimates it will pay 3.2% of Covered California-related premium to the Federal Government for the health insurer fee.
- **Other Fees:** Molina expects to pay \$2.15 per member per year (PMPY) in patient centered outcome fees.

Taxes and Fees		
Taxes and Fees	PMPM	% of Premium
Health Insurer Fee	\$9.14	3.2%
PCORI Fee (\$2.15 PMPY)	\$0.18	0.1%
<u>Exchange Fee</u>	<u>\$13.95</u>	<u>4.9%</u>
Total Taxes and Fees	\$23.27	8.1%
Single Risk Pool Premium	\$285.70	

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PROJECTED LOSS RATIO

The projected medical loss ratio (MLR) for 2016 using the federally prescribed MLR methodology is 82.1%. The MLR is 81.9% prior to the expected credibility adjustment based on Molina’s projected membership.

MLR Demonstration	
Federal Prescribed MLR Formula	
MLR = [(i + q - s + n - r) / {(p + s - n + r) - t - f - (s - n + r)}] + c	
s = transitional reinsurance receipts	9.17
n = risk corridors and risk adjustment payments	0.15
<u>r = issuer’s risk corridors and risk adjustment receipts</u>	<u>(25.51)</u>
s - n + r	(16.49)
MLR = [(i + q - -16.49) / {(p + -16.49) - t - f - (-16.49)}] + c	
i = incurred claims	203.70
q = expenditures on quality improving activities	4.29
MLR = [(203.70 + 4.29 - -16.49) / {(p + -16.49) - t - f - (-16.49)}] + c	
MLR = [(224.47) / {(p + -16.49) - t - f - (-16.49)}] + c	
p = earned premiums	285.70
MLR = [(224.47) / {(285.70 + -16.49) - t - f - (-16.49)}] + c	
MLR = [(224.47) / {(269.22) - t - f - (-16.49)}] + c	
t = Federal and State taxes and assessments	9.32
<u>f = licensing and regulatory fees, incl. transitional reins</u>	<u>2.25</u>
- t - f	(11.57)
MLR = [(224.47) / {(269.22) - 11.57 - (-16.49)}] + c	
MLR = [(224.47) / {274.13}] + c	
MLR = [81.9%] + c	
c = credibility adjustment, if any	0.2%
MLR = [81.9%] + 0.2%	
MLR = 82.1%	

SINGLE RISK POOL

Molina’s single risk pool is in accordance with 45 CFR part 156, §156.80(d). Molina has no transitional products/plans or grandfathered products that should be included in the development of the single risk pool.

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INDEX RATE

The index rate is developed following the specifications of 45 CFR part 156.80(d)(1). The index rate for the projection period is estimated to be \$307.59. The index rate represents the estimated total combined allowed claims experience for the essential health benefits within Covered California. The index rate does not include adjustments for the risk adjustment and reinsurance programs or an adjustment for the Covered California user fee.

MARKET ADJUSTED INDEX RATE

Molina modified the index rate provided in URRT Worksheet I to a market adjusted index rate as follows:

Market Adjusted Index Rate					
		1	2	3 = 1 / 2	
Item	Description	Paid Basis	Adjustment	Allowed Basis	Comments
a	URRT Index Rate			307.59	URRT, Worksheet 1
b	Federal Reinsurance Program	-6.92	0.662	-10.46	See Risk Adjustment and Reinsurance
c	Risk Adjustment	25.66	0.662	38.75	
d	<u>Exchange Fee</u>	<u>13.95</u>	<u>0.662</u>	<u>21.07</u>	<u>See Taxes & Fees</u>
e	Market Adjusted Index Rate			356.95	a + b +c + d

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PLAN ADJUSTED INDEX RATE

The plan adjusted index rates are entered in Worksheet 2, Section IV, of the URRT Template. Molina calculated the plan adjusted index rates by applying plan specific level adjustments for actuarial value, cost sharing utilization, additional benefits, and administrative costs, excluding exchange user fees, to the market adjusted index rate.

Plan Adjusted Index Rates							
Item	Description	Platinum	Gold	Silver	Bronze	Catastrophic	Comment
a	Market Adjusted Index Rate	356.95	356.95	356.95	356.95	356.95	
b	Actuarial Value	0.885	0.802	0.704	0.612	0.616	See AV-CS table below
c	Cost-sharing Adjustment	1.110	1.017	1.032	0.960	0.932	See AV-CS table below
d	Network Characteristics	1.000	1.000	1.000	1.000	1.000	N/A
e	Benefits in Addition to EHBs	1.000	1.000	1.000	1.000	1.000	N/A
f	Enroll Characteristics - Cat Plan	1.000	1.000	1.000	1.000	1.000	N/A
g	<u>Administrative Costs</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	See Admin table below
h	Plan Adjusted Index Rate	423.84	352.01	313.37	253.53	247.76	= a x b x c x d x e x f x g

AV and Cost Sharing Design: The table below shows the details of Molina’s AVs and Cost Sharing Design Adjustment factors:

Actuarial Value and Cost Sharing Adjustment				
Item	Product	Membership	Actuarial Value	Cost Sharing Adj
a	Platinum	187	0.885	1.110
b	Gold	833	0.802	1.017
c	Silver	22,565	0.704	1.032
d	Bronze	21,837	0.612	0.960
e	<u>Catastrophic</u>	<u>73</u>	<u>0.616</u>	<u>0.932</u>
f	Total	45,494	0.662	1.000

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Provider Network, Delivery System Characteristics, and Utilization Management Practices:

Molina did not vary plan rates for variation of provider network, delivery system characteristics, and utilization management.

Catastrophic plans: Molina did not consider an adjustment for the demographic composition of the Catastrophic product.

Administrative costs, excluding Exchange User Fees: Molina converted all administrative costs, excluding the Covered California Fee, to a multiplicative factor and applied the same factor to all products.

Administrative Costs Excluding Exchange Fee			
Item	Description	% of Premium	Comments
a	Administrative Expense Load	12.0%	
b	Profit Margin	2.0%	
c	<u>Taxes & Fees excl Exchange Fee</u>	<u>3.3%</u>	
d	Total	17.3%	a + b + c
e	Administrative Factor 1/(1-d)	1.209	1 / (1 - d)

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CALIBRATION

Age Curve Calibration: Molina calibrated the Plan Adjusted Index Rates to an age 21 rate. Molina estimates the average composite age factor by multiplying the expected age distribution by the age factors. The calibration factor of 0.619 equals the age factor at age 21 divided by the average age factor (1.000 / 1.615).

Age Curve Calibration								
Age	Member %	Age Factor	Age	Member %	Age Factor	Age	Member %	Age Factor
0 - 19	7.35%	0.635	35	2.00%	1.222	51	2.41%	1.865
20	1.76%	0.635	36	2.00%	1.230	52	2.41%	1.952
21	1.76%	1.000	37	2.00%	1.238	53	2.41%	2.040
22	1.76%	1.000	38	2.00%	1.246	54	2.41%	2.135
23	1.76%	1.000	39	2.00%	1.262	55	2.41%	2.230
24	1.76%	1.000	40	2.00%	1.278	56	2.41%	2.333
25	1.76%	1.004	41	2.00%	1.302	57	2.41%	2.437
26	1.76%	1.024	42	2.00%	1.325	58	2.41%	2.548
27	1.76%	1.048	43	2.00%	1.357	59	2.41%	2.603
28	1.76%	1.087	44	2.00%	1.397	60	2.41%	2.714
29	1.76%	1.119	45	2.00%	1.444	61	2.41%	2.810
30	1.76%	1.135	46	2.00%	1.500	62	2.41%	2.873
31	1.76%	1.159	47	2.00%	1.563	63	2.41%	2.952
32	1.76%	1.183	48	2.00%	1.635	64	2.41%	3.000
33	1.76%	1.198	49	2.00%	1.706	Total	100%	1.615
34	1.76%	1.214	50	2.41%	1.786	Adj Fx	1/total	0.619

Molina estimated the average age of the single risk pool to be 41 years of age by multiplying the expected age distribution percentages by the age. Molina assumed an average age of 14 for the Age 0-19 cohort in the average age estimate.

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Geographic Factor Calibration: Molina applied geographic factors to the index rate in the calculation of region specific rates. The geographic factors are based solely on the provider reimbursement expectations in each region. The calibration factor of 1.010 equals 1.000 divided by the average geographic factor (1.000 / 0.990).

Geographic Factor Calibration		
Geographic Region	Members	Geographic Factor
Region 13	647	1.090
Region 15	5,306	1.010
Region 16	14,210	0.940
Region 17	19,235	0.970
Region 19	6,096	1.140
Total	45,494	0.990
Calibration	1 / Total	1.010

Molina plans to offer its products in the counties listed by region below.

Region	County
13	Imperial
15	North LA
16	South LA
17	Riverside
17	San Bernardino
19	San Diego

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CONSUMER ADJUSTED PREMIUM DEVELOPMENT

The Consumer Adjusted Premium Rates are calibrated to an age 21 premium with an area factor of 1.00. Only the allowable rating factors will be applied to the Consumer Adjusted Premium Rates. Molina has included a spreadsheet identified as “Molina Rates” that demonstrates how each allowable consumer level adjustment is applied to the Consumer Adjusted Premium Rates to determine the premiums.

Consumer Adjusted Premium Rates							
Item	Description	Platinum	Gold	Silver	Bronze	Catastrophic	Comments
a	Plan Adjusted Index Rate	423.84	352.01	313.37	253.53	247.76	See Plan Adjusted Index Rate
b	Age Calibration	0.619	0.619	0.619	0.619	0.619	See Age Curve Calibration
c	<u>Area Calibration</u>	<u>1.010</u>	<u>1.010</u>	<u>1.010</u>	<u>1.010</u>	<u>1.010</u>	<u>See Geographic Area Calibration</u>
d	Consumer Adjusted Premium Rate	265.15	220.21	196.04	158.61	155.00	a x b x c

AV METAL VALUES

All benefit plans Molina proposes to offer in Covered California meet ACA essential health benefit (EHB) requirements. Their AV values were calculated exclusively by using HHS’s AV Calculator.

Actuarial Values				
Product	Base	CSR 200-250	CSR 150-200	CSR 100-150
Platinum	0.885	N/A	N/A	N/A
Gold	0.802	N/A	N/A	N/A
Silver	0.704	0.728	0.868	0.938
Bronze	0.612	N/A	N/A	N/A
Catastr.	0.616	N/A	N/A	N/A

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AV PRICING VALUES

AV pricing value of each plan only includes the allowable modifiers to the index rate, as described in 45 CFR Part 156, §156.80(d)(2). The modifiers are applied to the index rate as shown in the following table.

AV Pricing Values							
Item	Description	Platinum	Gold	Silver	Bronze	Catastrophic	Comments
a	Actuarial Value	0.885	0.802	0.704	0.612	0.616	See Actuarial Values
b	Cost Sharing Utilization Adjustment	1.110	1.017	1.032	0.960	0.932	See Cost Sharing Adj
c	Benefits in Addition to EHBs	1.000	1.000	1.000	1.000	1.000	Not Applicable
d	Provider Network	1.000	1.000	1.000	1.000	1.000	Not Applicable
e	Catastrophic Plan Adjustment	1.000	1.000	1.000	1.000	1.000	Not Applicable
f	<u>Administration Costs</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>1.209</u>	<u>See Admin Costs</u>
g	AV Pricing Values	1.187	0.986	0.878	0.710	0.694	a x b x c x d x e x f

MEMBERSHIP PROJECTIONS

Molina is filing Covered California rates in five counties representing five rating regions. Molina considered the number of existing members that would renew with Molina as well as estimating the number of new members likely to purchase a product in Covered California by assuming distinct “take-up rates” for each type of insurance coverage population (uninsured, Medicaid, Commercial, etc.) as represented in the US Census Bureau data. A take-up rate is the percentage of members in a particular insurance coverage that will likely purchase a product on the exchange. Molina reviewed US Census Bureau data by county to estimate the eligible exchange population for each rating region. Molina applied a market share adjustment, an estimate of what percentage of the Covered California population would likely select a Molina offering. The market share adjustment took into consideration that Molina members were likely to be lower income and more dependent on subsidies and that many potential members will likely have transitioned from Molina’s Medicaid line of business.

Molina’s enrollment projections by plan, including cost-sharing reduction eligible plans, were based on the proportion of enrollment enrolled in those plans as of February 2015.

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Member Projections - Plan	
Product	Members
Platinum	187
Gold	833
Silver 100-150% FPL	5,914
Silver 151-200% FPL	10,009
Silver 200-250% FPL	3,639
Silver 250%+ FPL	3,003
Bronze	21,837
<u>Catastrophic</u>	<u>73</u>
Total	45,494

Membership Projection - Region	
Region	Members
Region 13	647
Region 15	5,306
Region 16	14,210
Region 17	19,235
<u>Region 19</u>	<u>6,096</u>
Total	45,494

TERMINATED PRODUCTS

Not applicable.

PLAN TYPE

All benefit plans are comprehensive HMO individual products.

WARNING ALERTS

Molina encountered a validation error in the URRT as a result of entering the cost-sharing reduction subsidies into Worksheet 2, Section III, row 65, titled “Portion of above payable by HHS’s funds on behalf of insured persons, in dollars.” Per the 2016 URRT instructions, Molina entered the cost sharing reduction payments (\$496,696) for the Silver plan in the experience period which caused an error when validating the URRT.

Warning Alerts: The Plan Adjusted Index Rate and Total Premium (TP) amounts, rows 54 and 56, respectively, in Worksheet 2, Section III of the URRT cause warning alerts because the variance between those amounts to what is reported in Worksheet 1, Section I is greater than 2%. The Plan Adjusted Index Rates entered in row 54 for each plan are based on the member distribution in the 2014 pricing. The actual age distribution in the experience period differed from what was assumed in the 2014 pricing, which causes differences in the total Plan Adjusted Index Rate and Total Premium (TP).

Warning Alerts: The Total Incurred Claims, Payable with Issuer Funds and Incurred Claims PMPM amounts, rows 67 and 72, respectively, in Worksheet 2, Section III of the URRT cause warning alerts because the variance between those amounts and what is reported in Worksheet 1, Section I is greater than 2%. The 2016 Unified Rate Review Instructions (as of February 21, 2015) for reporting the Incurred Claims in Experience Period in Worksheet 1,

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Section I do not include recovery payments from the Federal Transitional Reinsurance program. The instructions for Allowed Claims Which are not the Issuer's Obligation in Worksheet 2, Section III include Federal reinsurance payments. Including the Federal reinsurance payments in Worksheet 2, Section III but not in Worksheet 1, Section I causes a difference greater than 2% in the Total Incurred Claims, both the total amount and on a PMPM basis.

EFFECTIVE RATE REVIEW INFORMATION

Not applicable.

RELIANCE

Molina reviewed an Oliver Wyman studied titled, "Estimated Premium Impact of Annual Fees Assessed on Health Insurance Plans", in consideration of Molina's estimate of the health insurer fee.

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ACTUARIAL CERTIFICATION

I, Benjamin E. Lynam, as a member in good standing with the American Academy of Actuaries, hereby certify, to the best of my knowledge and judgment, the following:

The projected index rate is:

- a. In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)),
- b. Developed in compliance with the applicable Actuarial Standards of Practice,
- c. Reasonable in relation to the benefits provided and the population anticipated to be covered,
- d. Neither excessive nor deficient.

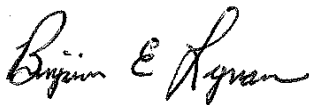
The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

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.

The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans.

The essential health benefit portion of premium upon which advanced payment of premium tax credits (APTCs) are based is appropriate.

The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area.



Benjamin E. Lynam, FSA, MAAA
Vice President -- Rating
Molina Healthcare Inc.

July 8, 2015

Date