Filing at a Glance

Company:	Molina Healthcare of California
Product Name:	Molina Marketplace 2015
State:	California
TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)
Sub-TOI:	HOrg02I.005D Individual - HMO
Filing Type:	Rate
Date Submitted:	07/31/2014
SERFF Tr Num:	MHCA-129660027
SERFF Status:	Assigned
State Tr Num:	
State Status:	In Progress
Co Tr Num:	MHC 14-126
Implementation Date Requested:	01/01/2015
Author(s):	Koryn Allan
Reviewer(s):	Wayne Thomas (primary), Debra Maus, Cabe Chadick, Harry Shi, Wes Weller, Brent Cho
Disposition Date:	
Disposition Status:	
Implementation Date:	

State Filing Description:

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 2015*
Project Name/Number: *MHC 14-126/20141189*

General Information

Project Name: MHC 14-126
Project Number: 20141189
Requested Filing Mode: Review & Approval
Explanation for Combination/Other:
Submission Type: New Submission
Overall Rate Impact:

Deemer Date:
Submitted By: Koryn Allan

Status of Filing in Domicile: Pending
Date Approved in Domicile:
Domicile Status Comments:
Market Type: Individual
Individual Market Type: Individual
Filing Status Changed: 08/01/2014
State Status Changed: 08/01/2014
Created By: Koryn Allan
Corresponding Filing Tracking Number: MHC 14-126

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: July 31, 2014
RE: Product Filing - California Health Benefit Exchange

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

The following documents are included in this filing: Actuarial Memorandum and Certifications, Independent Actuarial Certification, Rate Filing Form, Rate Filing Spreadsheet, Plain Language Spreadsheet, Plain Language Filing Description, Rate Data Template (XML), Rate Schedule, Supplemental Rate Review Template, Unified Rate Review (XML), and URRT (Excel).

Company and Contact

Filing Contact Information

Yunkyung Kim,
200 Oceangate,Suite 100
Long Beach , CA 90802

Yunkyung.Kim@MolinaHealthcare.com
888-562-5442 [Phone] 127004 [Ext]

Filing Company Information

Molina Healthcare of California
200 Oceangate, Suite 100
Long Beach, CA 90802
(888) 562-5442 ext. 127004[Phone]

CoCode:
Group Code:
Group Name:
FEIN Number: 33-0342719

State of Domicile: California
Company Type: HMO
State ID Number:

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).: .4
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).: .2

SERFF Tracking #:	*MHCA-129660027*	***State Tracking #:***		***Company Tracking #:***	*MHC 14-126*

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 2015*		
Project Name/Number:	*MHC 14-126/20141189*		

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			20140731 Rate Filing Form.pdf
2		Plain Language Spreadsheet		OTH	Initial			20140731CA Plain Language Spreadsheet.xls
3		Plain Language Filing Description		OTH	Initial			20140731Plain Language Filing Description.pdf
4		Rate Filing Spreadsheet		OTH	Initial			20140731CA 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-129660027	**State Tracking #:**		**Company Tracking #:**	MHC 14-126

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 2015		
Project Name/Number:	MHC 14-126/20141189		

Attachment 20140731CA Plain Language Spreadsheet.xls is not a PDF document and cannot be reproduced here.

Attachment 20140731CA Rate Filing Spreadsheet.xls is not a PDF document and cannot be reproduced here.

STATE OF CALIFORNIA Edmund G. Brown Jr., Governor

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:

☑	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: 1/1/2015

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.

6.6%

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	6.6%
Hospital Outpatient (including ER)	6.6%
Physician/other professional services	6.6%
Prescription Drug	6.6%
Laboratory (other than inpatient)	6.6%
Radiology (other than inpatient)	6.6%
Capitation (professional)	6.6%
Capitation (institutional)	6.6%
Capitation (other)	6.6%
Other (describe)	6.6% DME, Ambulance, Prosthetics

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: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Physician/other professional services	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Prescription Drug	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Laboratory (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Radiology (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (professional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Capitation (institutional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (other)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Other (describe)	Trend attributable to use of services: 6.6% includes durable medical equipment, Ambulance, prosthetics and glasses

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	2015	Percent Change
Platinum	$334.12	$363.56	8.8%
Gold	$281.52	$307.94	9.4%
Silver	$257.54	$276.95	7.5%
Bronze	$206.45	$228.73	10.7%
Catastrophic	$206.45	$221.90	7.5%

Molina does not have any data prior to 2014. 2014 marked Molina's first year in the commercial market.

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.

Catastrophic plan:

Increase in deductible from $6,350 to $6,600: $250, 3.9%

Increase out of pocket maximum from $6,350 to $6,600: $250, 3.9%,

Rate impact: -1.1%

Silver 100 Coinsurance Plan:

Mental Health OP from $3 copay to 10% coinsurance

Rate Impact: 0%

Silver 200 Coinsurance Plan:

Deductible from $1,500 to $1,600: $100, 6.7%

Mental Health OP from $40 copay to 20% coinsurance

Generic from $19 to $15: -$4, -21%

Preferred Brand from $30 to $35: $5, 16.7%

Non-Preferred Brand from $50 to $60: $10, 20%

Rate Impact: 0%

Gold:

Out of Pocket Maximum from $6,350 to $6,250: -$100, -1.6%

Mental Health OP from $30 copay to 20% coinsurance

Generic copay from $19 to $15: -$4, -21%

Rate Impact: 0.8%

Platinum: Mental Health OP from $30 copay to 10% coinsurance

Rate Impact: 0.0%

Bronze Plan:

Change rehabilitative services from 30% coinsurance to a $60 copay

Change Habilitative services from 30% coinsurance to a $60 copay

Generic drug copay from $19 to $15: -$4, -21

Change Mental Health OP from $60 copay to 30%

Rate Impact: 2.2

Silver 150 Coinsurance Plan:

Mental Health OP from $15 copay to 15% coinsurance

Rate Impact: 0.2%

Silver 250 Coinsurance Plan:

Out of Pocket Maximum from $6,350 to $6,250: -$100, -1.6%

Generic drugs from $19 to $15: -$4, -21%

Rate Impact: 2.1%

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.

Pediatric dental is now an imbedded benefit. The pediatric dental benefit increased costs 2%.

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

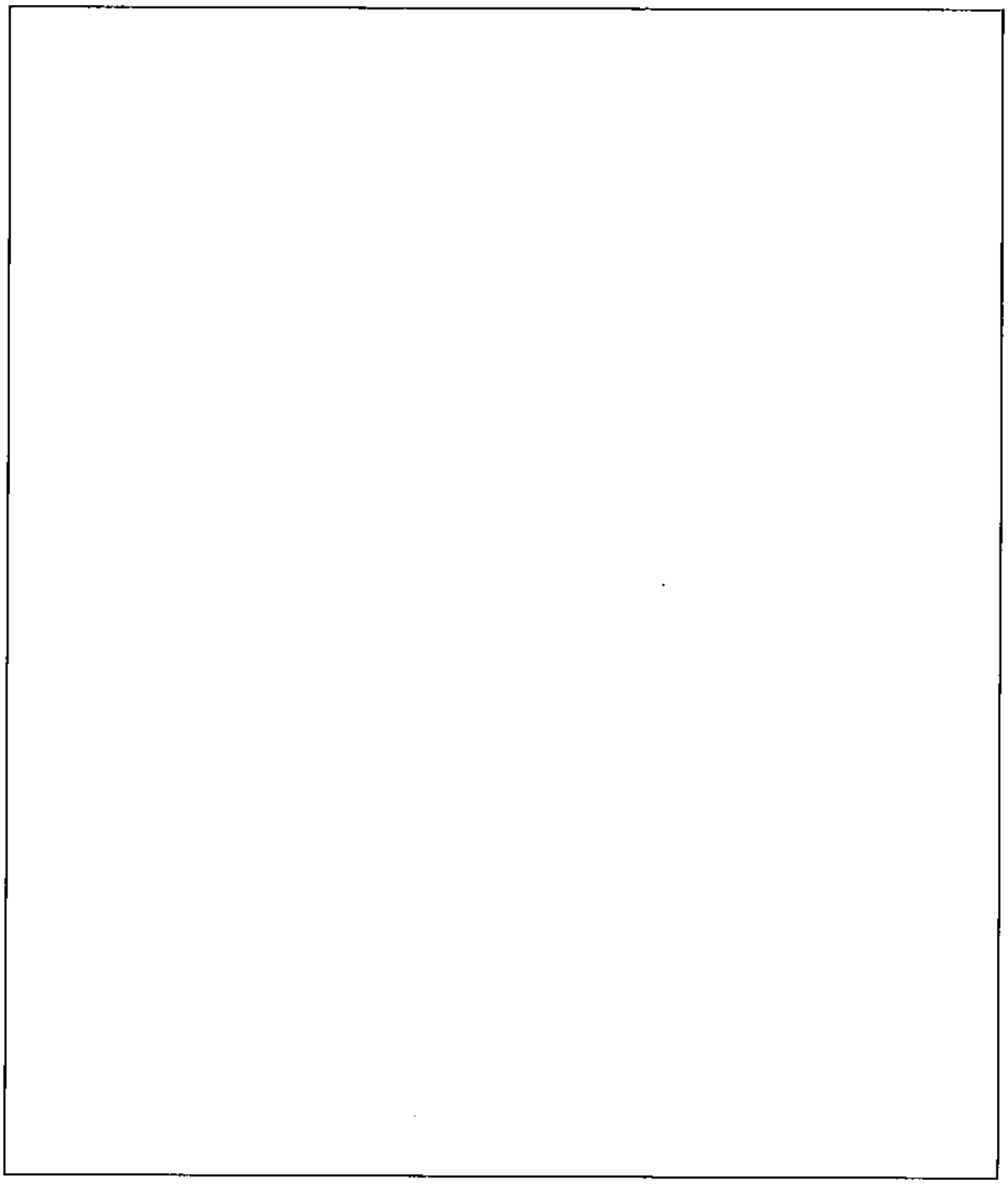
(•) Submitted

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.)

Category	2014	2015	Change
- Salaries, wages, empoyment taxes, and other employee benefits	6.0%	6.0%	0.0%
-Commissions	1.0%	3.0%	2.0%
- Taxes, licenses, and other fees	5.3%	6.3%	1.0%
- Cost containment programs / quality improvement activities	1.5%	1.5%	0%
Total	13.8%	16.8%	3.0%

25) Comments. Place any needed comments here.



STATE OF CALIFORNIA Edmund G. Brown Jr., Governor

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:

Molina Healthcare of California, Inc.

SERFF Tracking Number:

MHCA-129660027

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.)

Not applicable.

2) Overall annual medical trend factor assumptions for all benefits

6.6%

3) Actual Costs by Aggregate Benefit Category

Hospital Inpatitient	Dollar Cost: 102.08
	Cost as Percentage of Medicare: 72% to 180%
Hospital Outpatient (including ER)	Dollar Cost: 65.35
	Cost as Percentage of Medicare: 72% to 180%
Physician/other professional services	Dollar Cost: 55.59
	Cost as Percentage of Medicare: 100% to 140%
Prescription Drug	Dollar Cost: 51.10
	Cost as Percentage of Medicare: N/A
Laboratory (other than inpatient)	Dollar Cost: N/A
	Cost as Percentage of Medicare: N/A

Radiology (other than inpatient)	Dollar Cost: N/A
	Cost as Percentage of Medicare: N/A
Capitation (professional)	Dollar Cost and Description: 99.10 (This number may contain institutional capitation)
Capitation (institutional)	Dollar Cost and Description: N/A
Capitation (other)	Dollar Cost and Description: N/A
Other (describe)	Dollar Cost and Description: 11.06, Includes: durable medical equipment, Ambulance, prosthetics and glasses.

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: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Physician/other professional services	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Prescription Drug	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Laboratory (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Radiology (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Capitation (professional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (institutional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (other)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Other (describe)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

5) Other Information
Complete and submit the CA Plain Language Spreadsheet.

Please see attached CA Plain Language Spreadsheet.

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 2015
Project Name/Number: MHC 14-126/20141189

Rate Information

Rate data applies to filing.

Filing Method: Filing for Existing Product
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.000%
Effective Date of Last Rate Revision: 05/23/2013
Filing Method of Last Filing: Initial Filing for New Product

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	Increase	2.300%	2.300%	$111,605	8,212	$4,852,377	0.200%	0.400%

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	6129
Molina Marketplace Catastrophic Plan	18126CA001	18126	7
Molina Marketplace Gold Plan	18126CA001	18126	202
Molina Marketplace Platinum Plan	18126CA001	18126	73
Molina Marketplace Silver Plan	18126CA001	18126	1801

Trend Factors:

FORMS:

New Policy Forms: Molina Marketplace 20141189
Affected Forms:
Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
Member Months: 29,156
Benefit Change: Increase
Percent Change Requested: Min: 0.4 Max: 0.2 Avg: 2.3

PRIOR RATE:

Total Earned Premium: 4,852,377.00
Total Incurred Claims: 2,118,358.00
Annual $: Min: 101.34 Max: 979.96 Avg: 174.84

REQUESTED RATE:

Projected Earned Premium: 177,524,945.00
Projected Incurred Claims: 139,844,866.00
Annual $: Min: 101.72 Max: 982.10 Avg: 178.87

SERFF Tracking #:	*MHCA-129660027*	***State Tracking #:***		***Company Tracking #:***	*MHC 14-126*

State:	*California*	***Filing Company:***	*Molina Healthcare of California*
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Product Name:	*Molina Marketplace 2015*		
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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)		New		20140731URRT.xlsm,

SERFF Tracking #:	MHCA-129660027	**State Tracking #:**		**Company Tracking #:**	MHC 14-126

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 2015		
Project Name/Number:	MHC 14-126/20141189		

Attachment 20140731URRT.xlsm is not a PDF document and cannot be reproduced here.

SERFF Tracking #:	*MHCA-129660027*	***State Tracking #:***		***Company Tracking #:***	*MHC 14-126*

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 2015*		
Project Name/Number:	*MHC 14-126/20141189*		

Supporting Document Schedules

Satisfied - Item:	Independent Actuarial Certification
Comments:	
Attachment(s):	20140731IndependentActuarialCertificationMolinaHealthcareInc.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Premium Rate Information
Comments:	
Attachment(s):	20140731CA Rate Filing Spreadsheet.xls 20140731 Rate Filing Form.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Premium Rate Public Website Information
Bypass Reason:	Not requried in this filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	Consumer Disclosure Form is not required for this filing
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	
Attachment(s):	20140731ActuarialMemorandumandCertification.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Unified Rate Review Template
Comments:	
Attachment(s):	20140731UnifiedRateReview.xml 20140731SupplementalRateReviewTemplate.xlsb 20140731URRT.xlsm

SERFF Tracking #:	*MHCA-129660027*	***State Tracking #:***		***Company Tracking #:***	*MHC 14-126*

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 2015*		
Project Name/Number:	*MHC 14-126/20141189*		

Item Status:	
Status Date:	

Satisfied - Item:	Plain Language Spreadsheet
Comments:	
Attachment(s):	20140731CA Plain Language Spreadsheet.xls
Item Status:	
Status Date:	

Satisfied - Item:	Plain Language Filing Description
Comments:	
Attachment(s):	20140731Plain Language Filing Description.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Rate Data Template
Comments:	
Attachment(s):	20140731RateDataTemplate.xml
Item Status:	
Status Date:	

Satisfied - Item:	Rate Schedule
Comments:	
Attachment(s):	20140731RateScheduleCA.xlsx
Item Status:	
Status Date:	

Attachment 20140731CA Rate Filing Spreadsheet.xls is not a PDF document and cannot be reproduced here.

Attachment 20140731UnifiedRateReview.xml is not a PDF document and cannot be reproduced here.

Attachment 20140731SupplementalRateReviewTemplate.xlsb is not a PDF document and cannot be reproduced here.

Attachment 20140731URRT.xlsm is not a PDF document and cannot be reproduced here.

Attachment 20140731CA Plain Language Spreadsheet.xls is not a PDF document and cannot be reproduced here.

Attachment 20140731RateDataTemplate.xml is not a PDF document and cannot be reproduced here.

Attachment 20140731RateScheduleCA.xlsx is not a PDF document and cannot be reproduced here.

Molina Healthcare of California
Individual Rate Filing Effective January 1, 2015
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, 2015. 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 1/1/2015 Molina Marketplace Individual rates will be charged to individuals that begin or renew coverage on the California Health Benefit Exchange beginning 1/1/2015. 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 three separate geographies – Los Angeles, San Diego and the Inland Empire (Riverside and San Bernardino).

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. Consistent with Actuarial Standard of Practice #26 promulgated by the American Academy of Actuaries, 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, and the cost of required capital.

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 31, 2014

Date

Attachment A
Testing Methods for January 1, 2015 Molina Marketplace Individual Rate Filing

The following documents my testing methods for this filing:

Base Period Data Reconciliation and Reasonableness

I reviewed a reconciliation Molina prepared of base period claims cost and membership to internal Molina financial reports from the same general ledger system that was used to generate the corporations audited financial statements.

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 2014 QHP members, although the population is relatively small and the credibility of this emerging experience is limited.

Furthermore, I relied on feedback from Peter Lee and others at Covered California as communicated to me by Ben Lynam that the projected premiums (and therefore claims costs, by induction) 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 and risk margin 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.

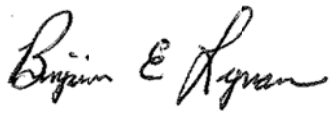
Attachment B
Statement Regarding Accuracy and Completeness of the Underlying Data Sources

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, utilization increase and other key assumptions. This includes the Actuarial Memorandum.
- Claims and enrollment base period data collection process and reconciliation to internal financial statements.

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 30, 2014

Date

STATE OF CALIFORNIA Edmund G. Brown Jr., Governor

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:

☑	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: 1/1/2015

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.

6.6%

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	6.6%
Hospital Outpatient (including ER)	6.6%
Physician/other professional services	6.6%
Prescription Drug	6.6%
Laboratory (other than inpatient)	6.6%
Radiology (other than inpatient)	6.6%
Capitation (professional)	6.6%
Capitation (institutional)	6.6%
Capitation (other)	6.6%
Other (describe)	6.6% DME, Ambulance, Prosthetics

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: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Physician/other professional services	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Prescription Drug	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Laboratory (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Radiology (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (professional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Capitation (institutional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (other)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Other (describe)	Trend attributable to use of services: 6.6% includes durable medical equipment, Ambulance, prosthetics and glasses

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	2015	Percent Change
Platinum	$334.12	$363.56	8.8%
Gold	$281.52	$307.94	9.4%
Silver	$257.54	$276.95	7.5%
Bronze	$206.45	$228.73	10.7%
Catastrophic	$206.45	$221.90	7.5%

Molina does not have any data prior to 2014. 2014 marked Molina's first year in the commercial market.

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.

Catastrophic plan:

Increase in deductible from $6,350 to $6,600: $250, 3.9%

Increase out of pocket maximum from $6,350 to $6,600: $250, 3.9%,

Rate impact: -1.1%

Silver 100 Coinsurance Plan:

Mental Health OP from $3 copay to 10% coinsurance

Rate Impact: 0%

Silver 200 Coinsurance Plan:

Deductible from $1,500 to $1,600: $100, 6.7%

Mental Health OP from $40 copay to 20% coinsurance

Generic from $19 to $15: -$4, -21%

Preferred Brand from $30 to $35: $5, 16.7%

Non-Preferred Brand from $50 to $60: $10, 20%

Rate Impact: 0%

Gold:

Out of Pocket Maximum from $6,350 to $6,250: -$100, -1.6%

Mental Health OP from $30 copay to 20% coinsurance

Generic copay from $19 to $15: -$4, -21%

Rate Impact: 0.8%

Platinum: Mental Health OP from $30 copay to 10% coinsurance

Rate Impact: 0.0%

Bronze Plan:

Change rehabilitative services from 30% coinsurance to a $60 copay

Change Habilitative services from 30% coinsurance to a $60 copay

Generic drug copay from $19 to $15: -$4, -21

Change Mental Health OP from $60 copay to 30%

Rate Impact: 2.2

Silver 150 Coinsurance Plan:

Mental Health OP from $15 copay to 15% coinsurance

Rate Impact: 0.2%

Silver 250 Coinsurance Plan:

Out of Pocket Maximum from $6,350 to $6,250: -$100, -1.6%

Generic drugs from $19 to $15: -$4, -21%

Rate Impact: 2.1%

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.

Pediatric dental is now an imbedded benefit. The pediatric dental benefit increased costs 2%.

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

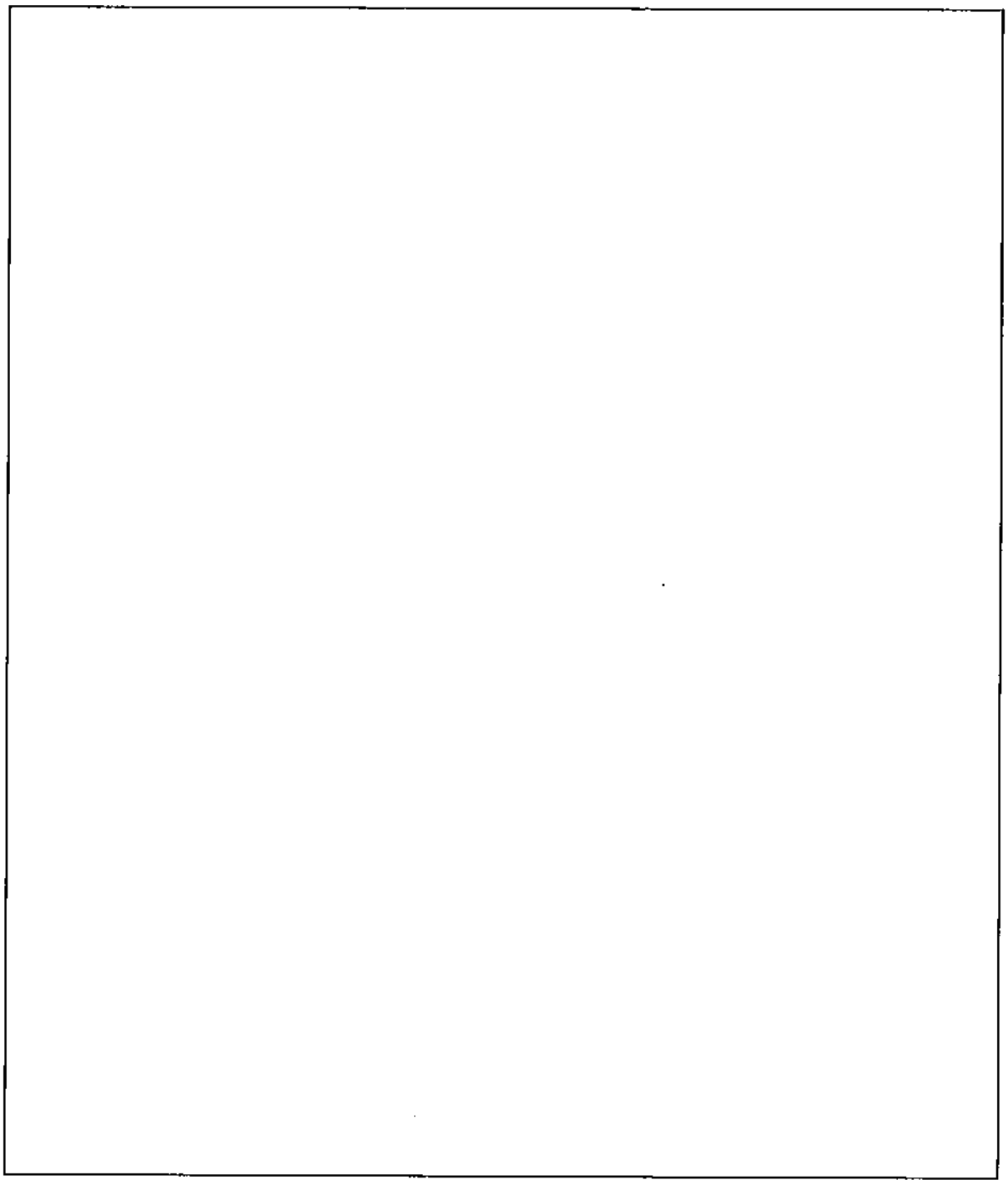
(•) Submitted

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.)

Category	2014	2015	Change
- Salaries, wages, empoyment taxes, and other employee benefits	6.0%	6.0%	0.0%
-Commissions	1.0%	3.0%	2.0%
- Taxes, licenses, and other fees	5.3%	6.3%	1.0%
- Cost containment programs / quality improvement activities	1.5%	1.5%	0%
Total	13.8%	16.8%	3.0%

25) Comments. Place any needed comments here.



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

Actuarial Memorandum and Certification
Effective January 1, 2015

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, 2015. Molina will not offer Individual products outside the California Marketplace.

GENERAL INFORMATION

Molina Healthcare of California, Inc. is a managed care organization that provides healthcare services for over 400,000 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., a multi-state health care organization, arranges for the delivery of health care services and offers health information management solutions to nearly five million individuals and families who receive their care through Medicaid, Medicare and other government-funded programs in fifteen states. Molina Healthcare, Inc. was founded in 1980 and is headquartered in Long Beach, California.

Molina Healthcare offers Marketplace plans in many of the states where we offer Medicaid health plans. Our plans allow our Medicaid members to stay with their providers as they transition between Medicaid and the Marketplace. Additionally, they remove financial barriers to quality care and keep members' out-of-pocket expenses to a minimum.

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, 2015**

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 approximately 8,212 members effective June 1, 2014 reported as of July 11, 2014. The rate changes are calculated by comparing the proposed consumer adjusted premium rates in 2015 to the approved consumer adjusted premium rates in 2014.

Please note that rate changes are also calculated in the Unified Rate Review Template in Worksheet 2, which may not be indicative of the true rate changes because they do not consider the calibration factors used in the rate development process.

Rate Change by Product					
Product	**Platinum**	**Gold**	**Silver**	**Bronze**	**Catastrophic**
Rate Change	**0.9%**	**1.6%**	**0.0%**	**3.6%**	**0.3%**
Members	**73**	**202**	**1,801**	**6,129**	**7**

Molina's identified the following factors contributing to increases in Molina's 2015 rates relative to Molina's 2014 rates.

- **ACA Health Insurer Fee:** Molina will be subject to increased liabilities associated with the increase in ACA Health Insurer fees for 2015 compared to 2014.

- **Broker Commissions:** Molina increased the expenses for broker commission payments due to an expected increase in the percentage of new business sold by brokers in 2015.

- **Trend:** Molina trended the experience period claims at a 6.6% annualized trend rate.

- **Embedded Pediatric Dental:** Molina will offer a new embedded pediatric dental benefit for all Molina products.

Molina identified factors that mitigated the overall rate increase:

- **Anticipated Morbidity:** Molina expects the overall acuity of the 2015 Marketplace risk pool to improve relative to the acuity Molina assumed for the 2014 Marketplace risk pool. The increase in penalties for not purchasing health insurance as well as more public familiarity with the Marketplace should lead to improvements in the acuity of the risk pool in 2015 compared to 2014. Molina also removed the high risk pool acuity factor with the understanding most high risk pool members eligible for the Marketplace have already enrolled in 2014 and are unlikely to enroll with Molina in 2015.

The rate changes vary by product due to changes the Actuarial Value (AV) Pricing Values assigned to each metal plan applied to the Plan Adjusted Index Rate. Molina applied more significant cost-sharing design utilization factors in recognizing that higher cost sharing is associated with lower utilization of services, independent of health status, compared to the cost-sharing design factors applied in 2014 rate development. Please note this adjustment does not include any assumptions related to the morbidity of the members assumed to select a given metal plan.

EXPERIENCE PERIOD PREMIUM AND CLAIMS

Prior to Molina's first Marketplace filing effective January 1, 2014, Molina did not have Individual products. Therefore, Molina's responses to experience related fields for 2013 in Part I of the Unified Rate Review Template (URRT) are not applicable. Instead, Molina utilized the Credibility Manual Rate Development in the URRT based upon Molina's Medicaid experience to develop Covered California projected claims costs.

CREDIBILITY MANUAL RATE DEVELOPMENT

Since Molina does not have adequate commercial health insurance data in California or any other state, Molina developed a manual rate using Molina's Medicaid population's claims experience.

Source and Appropriateness of Experience Data Used: Molina believes the use of Medicaid data is an appropriate source to develop a manual rate for Covered California pricing. Members enrolling in Covered California will not be medically underwritten and are likely to be low-income taking advantage of the Federal premium and cost-sharing subsidies. Many Covered California members will be former Medicaid members transitioning into Covered California as they gain employment and exceed Medicaid income requirements. All of these characteristics are very similar to Molina's Medicaid population and support Medicaid data as reasonable and appropriate for use in the development of a manual rate for Covered California.

Experience Period Claims: Molina Medicaid incurred claims, including medical and pharmacy, from January 2013 through December 2013 and paid through February 2014 were used as the basis of the claims experience.

Adjustments Made to the Data: Molina applied the following adjustments to reflect the population, region, provider network, and benefits anticipated for Covered California.

- **Incurred But Not Reported (IBNR):** Molina applied a factor to the experience claims to reflect IBNR claims. The California Temporary Assistance for Needy Families (TANF) population IBNR factors incurred and paid through February 2014 were applied to 2013 claims experience. The IBNR factors were adjusted based on March 2014 IBNR results.

- **Trend:** Molina trended the experience period claims forward 24 months from the midpoint of the base period, July 2013, to the midpoint of the projection period, July 2015 at a 6.6% annualized trend rate. The trend rate was based on Molina's Medicaid observed trends comparing medical claims and capitation for calendar year 2013 to calendar year 2012 ((105.16/ 98.64)-1= 6.6%). Based on this information, Molina used a 6.6% annual trend to apply to the experience period claims.

- **Population Age Adjustment:** Molina applied a factor to the experience period claims to reflect a change in age mix from a Medicaid population distribution, which is skewed toward children, to the expected Covered California population, which is more uniformly distributed among the ages. Molina reviewed population studies from published studies in California and other states as well as preliminary 2014 demographics in the Marketplace prior to estimating the age distribution in Covered California for 2015.

Population Age Adjustment						
	Molina Medicaid Member Mix		Marketplace Member Mix		Molina Medicaid Claims PMPM	
Age/Sex	M	F	M	F	M	F
0-19	32.3%	32.3%	4.4%	4.4%	50.89	57.13
20-34	3.8%	14.3%	14.9%	12.5%	93.45	219.37
35-49	4.0%	9.3%	14.5%	15.2%	169.23	205.99
50-64	1.7%	2.3%	16.9%	17.3%	218.79	248.56
(a) Molina Medicaid Claims PMPM:					105.16	
(b) Claims PMPM with Marketplace Member Mix:					181.71	
(c) Demographic Adjustment Factor (b) / (a):					1.728	

- **Utilization Adjustment:** Molina applied an adjustment factor to the experience period claims to adjust for expected utilization in Covered California. Molina applied a factor to the experience period claims to reflect that emergency room and maternity utilization is over-represented in the Medicaid population compared to what is expected in Covered California population. Molina reviewed data in other Molina markets and lines of business as well as publicly available Commercial data to determine the projected maternity and emergency room utilization.

- **Network Reimbursement Change:** Molina applied a factor to the experience period claims in consideration of differences in network reimbursement comparing Medicaid to Marketplace reimbursement. Molina's estimate is based on a provider comparison of Molina's Medicaid reimbursement and projected Covered California reimbursement. Molina calculated the change in reimbursement by major categories of service and then applied the average network reimbursement factor across all categories of service.

- **Essential Health Benefits and Benefit Expansion:** Molina applied a factor to the experience period claims to account for Essential Health Benefits (EHBs) in California Marketplace that are not covered in Medicaid.

- **Embedded Pediatric Dental:** Molina will offer embedded pediatric dental benefits for all Molina products. The additional benefit cost is spread over the entire single risk pool.

- **Health Status Adjustment:** Molina applied a factor to the experience period claims to reflect a change in health status from a Medicaid population to the expected Covered California population. Molina based the health status adjustment factor by estimating the Covered California enrollment by member's insurance status prior to enrolling into Covered California. Insurance status categories included Commercial, Medicaid, Uninsured, and High Risk Pool. Each insurance category had an associated health status adjustment.

- **Uncompensated Care and Benefit Selection:** Molina applied a factor to the experience period claims to reflect uncompensated care and benefit selection. Rates of no more than the three oldest family members under the age of 21 can be taken into account in computing the family premium which creates circumstances where Molina will be uncompensated for care provided to children. Since Molina's metallic premiums do not consider the impact of adverse selection where healthier members choose higher cost-sharing benefits and unhealthier members choose lower cost-sharing benefits, a benefit selection load was applied to the base claims experience.

- **Internal Reinsurance:** Molina applied a factor for reinsurance coverage obtained in addition to the federal reinsurance program.

- **Cost Sharing Design:** The cost sharing of the plan designs would reduce utilization when comparing to Medicaid experience which does not have any cost-sharing. 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 utilization factor. The cost sharing design utilization factors were based on factors published by the Centers for Medicare and Medicaid Services (CMS) for the state of Massachusetts. Cost sharing design utilization factors do not include any adjustment for health status.

The following table summarizes all of the adjustments made to Capitated and non-Capitated data and the application to utilization (Utiliz) versus unit cost.

Adjustments Made to the Data						
Adjustment	**Population Risk Adj**	**Util 1**	**Util 2**	**Cost 1**	**Cost 2**	**PMPM**
Demographic Adjustment	**1.000**	**1.728**	**1.000**	**1.000**	**1.000**	**1.728**
Network Adjustment	**1.000**	**1.000**	**1.000**	**1.867**	**1.000**	**1.867**
Utilization Adjustment	**1.000**	**1.000**	**0.924**	**1.000**	**1.000**	**0.924**
Health Status Adjustment	**1.100**	**1.000**	**1.000**	**1.000**	**1.000**	**1.100**
Essential Health Benefits	**1.000**	**1.000**	**1.025**	**1.000**	**1.025**	**1.050**
Benefit Selection, Uncomp Care	**1.000**	**1.000**	**1.010**	**1.000**	**1.010**	**1.020**
Internal Reinsurance	**1.000**	**1.000**	**1.001**	**1.000**	**1.001**	**1.003**
Pediatric Dental	**1.000**	**1.000**	**1.010**	**1.000**	**1.010**	**1.020**
Cost Sharing Design	**1.000**	**1.000**	**0.895**	**1.000**	**1.000**	**0.895**
Subtotal	**1.100**	**1.728**	**0.866**	**1.867**	**1.047**	**3.216**
Trend		**1.000**		**1.066**		**1.066**

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

CREDIBILITY OF EXPERIENCE

Molina does not have any credible claims experience and therefore relied 100% on the manual rate development.

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 2015. 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	**3.3%**	**0.881**
Gold	**8.6%**	**0.788**
Silver	**41.2%**	**0.703**
Bronze	**46.7%**	**0.617**
Catastrophic	**0.2%**	**0.598**
Paid to Allowed	**100.0%**	**0.676**

RISK ADJUSTMENT AND REINSURANCE

Projected Risk Adjustments PMPM: Molina projects that the risk scores for Molina in 2015 will be similar to the entire market. If Molina's risk scores are lower than the market average, Molina would expect claims costs to be lower than anticipated but would be offset by a payment to the risk adjustment program. If Molina's risk scores are higher than the market average, Molina would expect claims costs to be higher than anticipated but would be offset by receiving funds from the risk adjustment program. Molina entered -$0.08 per member per month (PMPM) in projected risk adjustments in the URRT Worksheet I, Section III to reflect the risk adjustment user fees that Molina will pay.

Molina considered the results of the California Department of Health Care Services Research and Analytic Studies Division (RASD) and the California Medicaid Research Institute (University of California) study that concluded that Molina's beneficiaries enrolled in 2014 have a slightly lower risk of health care expenditures than the average of the entire Covered California population. The results are consistent with Molina's preliminary 2014 claims experience which

has been lower than expected. If the preliminary results hold, Molina expects to make a risk transfer payment for 2014.

Molina did not project a risk transfer payment for 2015. Molina's membership is small in 2014 and is expected to increase in 2015. Therefore, the 2014 results may not be representative of what will occur in 2015. Furthermore, if the 2014 results are indicative of Molina's acuity in 2015, Molina would reduce the health status factor assumption in the 2015 rates by a corresponding amount that would leave the overall rate unchanged.

Projected ACA Reinsurance Recoveries Net of Reinsurance Premium: Molina's net reinsurance adjustment is $15.82 PMPM, where Molina expects $19.49 PMPM in reinsurance recoveries reduced by $3.67 PMPM in reinsurance premiums. Molina relied upon a Milliman study to value the 2015 Federal Reinsurance parameters (50% coinsurance for claims exceeding 45,000 up to $250,000). Molina estimates the potential recoveries to be worth 10% of claims. Molina followed CMS guidance dated May 16, 2014 indicating that CMS intends to lower the 2015 reinsurance attachment point from $70,000 to $45,000 when the proposed 2016 Payment Notice is released. Milliman calibrated the cumulative probability distributions used in the calculation of the expected reinsurance recoveries to reflect the age and gender mix of preliminary Molina marketplace members.

However, given the uncertainty of the funding to support the lower proposed attachment point mentioned in the CMS guidance, Molina reduced the estimate of the potential recoveries from 10% down to 7.5% of claims.

Molina applied the expected reinsurance recoveries as a percentage of claims to the projection period claims which resulted in $19.49 PMPM in reinsurance recoveries. Molina deducted the Federal Reinsurance Premium of $3.67 PMPM to yield $15.82 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. Molina used an internal administrative cost budget on a PMPM basis and converted the costs to an overall percentage of premium 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 10.5%.

Administrative Expense Load	
Description	**% of Premium**
Corporate and Plan Expense	**6.0%**
Quality Expenses	**1.5%**
Broker Commissions	**3.0%**
Total	**10.5%**

Broker Commissions: Molina increased the expenses for broker commission payments to 3.0% of premium for the 2015 rate filing. The increase is due to an expected increase in the percentage of business sold by brokers in 2015.

Profit & Risk Margin: Molina's target margin, including risk margin, is 3.0%.

Taxes and Fees: Molina's 7.8% 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.

- **Premium Tax & Assessments:** Molina assumed 0.0% of premium to be paid in premium taxes.

Taxes and Fees		
Taxes and Fees	**PMPM**	**% of Premium**
Health Insurer Fee	**9.92**	**3.2%**
PCORI Fee ($2.15 PMPY)	**0.18**	
Premium Tax & Other Fees	**0.00**	**0.0%**
Exchange Fee	**13.95**	**4.5%**
Total Taxes and Fees	**24.05**	**7.8%**
Single Risk Pool Premium	**309.98**	

PROJECTED LOSS RATIO

The projected medical loss ratio (MLR) for 2015 using the federally prescribed MLR methodology is 88.1%. The MLR is 86.8% 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	19.49
n = risk corridors and risk adjustment payments	0.08
r = issuer's risk corridors and risk adjustment receipts	-
s - n + r	19.41
MLR = [(i + q -19.41)/{(p + 19.41) - t - f - (19.41)}] + c	
i = incurred claims	259.83
q = expenditures on quality improving activities	4.65
MLR = [(259.83 + 4.65 -19.41)/{(p + 19.41) - t - f - (19.41)}] + c	
MLR = [(245.07)/{(p + 19.41) - t - f - (19.41)}] + c	
p = earned premiums	309.98
MLR = [(245.07)/{(309.98 + 19.41) - t -f - (19.41)}] + c	
MLR = [(245.07)/{(329.4) - t -f - (19.41)}] + c	
t = Federal and State taxes and assessments	10.10
f = licensing and regulatory fees, incl. transitional reins	17.62
- t - f	(27.72)
MLR = [(245.07)/{(329.4) -27.72 - (19.41)}] + c	
MLR = [(245.07)/{282.26}] + c	
MLR = [86.8%] + c	
c = credibility adjustment, if any	1.2%
MLR = [86.8%] + 1.2%	
MLR = 88.1%	

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.

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 $384.28. 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 adjustment for the risk adjustment and reinsurance programs or an adjustment for the Covered California Exchange Fee. Molina estimated the index rate by developing a manual rate based on Molina's Medicaid data with adjustments described under the Credibility Manual Rate Development section of this Memorandum.

The projected allowed claims in Worksheet I, Section III, of the URRT is $384.28 PMPM.

MARKET ADJUSTED INDEX RATE

Molina modified the index rate provided in URRT Worksheet I to the 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			384.28	URRT, Worksheet 1
b	Federal Reinsurance Program	15.82	0.676	23.40	See Risk Adjustment and Reinsurance
c	Risk Adjustment	-0.08	0.676	-0.12	
d	Exchange Fee	13.95	0.676	20.63	See Taxes & Fees
e	Market Adjusted Index Rate			381.63	a - b - c + d

The Federal Reinsurance Program, Risk Adjustment, and Exchange Fee values are adjusted to an allowed basis for purposes of calculating the Marked Adjusted Index rate. The adjustment is the product of all plan level adjustments shown as Item k in the Plan Adjusted Index Rate Table in the next section.

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**	**Cata-strophic**	**Total**	**Comments**
a	Proj Membership	1,564	4,124	19,644	22,294	98	47,724	
b	Market Adjusted Index Rate	381.63	381.63	381.63	381.63	381.63	381.63	
c	Actuarial Value	0.881	0.788	0.703	0.617	0.598	0.676	See Actuarial Value & Cost Sharing Util Adjustment
d	Cost Sharing Util Adjustment	1.094	1.027	1.029	0.956	0.956	1.000	
e	Non-EHB Benefits	1.000	1.000	1.000	1.000	1.000	1.000	Not Applicable
f	Provider Network	1.000	1.000	1.000	1.000	1.000	1.000	Not Applicable
g	Catastrophic Plan Adjustment	1.000	1.000	1.000	1.000	1.000	1.000	Not Applicable
h	Plan Adj (prior to Admin)	367.69	308.90	276.14	225.16	217.94	258.04	b x c x d x e x f x g
i	Administration Costs	1.201	1.201	1.201	1.201	1.201	1.201	See Admin Costs
j	Plan Adjusted Index Rates	441.71	371.08	331.73	270.49	261.82	309.98	h x i
k	Plan Level Adjustments (Prior to Admin)						0.676	h / b

Actuarial Value and Cost Sharing Utilization Adjustments: The Actuarial Value Adjustment is determined by taking the average of the Actuarial Values for all products.

The Cost Sharing Utilization adjustment is determined by dividing the cost sharing utilization factor for each product by the total cost sharing utilization factor for the total market.

Actuarial Values and Cost Sharing Adjustment					
Item	**Product**	**Members**	**Actuarial Value**	**Cost Sharing Utilization**	**Cost Sharing Util / Total**
a	Platinum	1,564	0.881	0.982	1.094
b	Gold	4,124	0.788	0.922	1.027
c	Silver	19,644	0.703	0.923	1.029
d	Bronze	22,294	0.617	0.858	0.956
e	Catastrophic	98	0.598	0.858	0.956
f	Total	47,724	0.676	0.898	1.000

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	10.5%	
b	Profit Margin	3.0%	
c	Taxes & Fees excl Exchange Fee	3.3%	
d	Total	16.8%	a + b + c
e	Administrative Factor 1/(1-d)	1.201	1 / (1 - d)

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 HHS defined age factors. The calibration factor of 0.633 equals the age factor at age 21 divided by the average age factor (1.000 / 1.580).

The weighted average age factor of 1.580 corresponds to an average age of 47 based on the HHS defined age factors.

Molina also estimated the average age of the single risk pool to be 40 years of age by multiplying the expected age distribution percentages by the age. Molina assumed an average age of 10 for the Age 0-19 cohort in the average age estimate.

Age Curve Calibration								
Age	**Member %**	**Age Factor**	**Age**	**Member %**	**Age Factor**	**Age**	**Member %**	**Age Factor**
0 - 19	8.8%	0.635	35	2.0%	1.222	51	2.3%	1.865
20	1.8%	0.635	36	2.0%	1.230	52	2.3%	1.952
21	1.8%	1.000	37	2.0%	1.238	53	2.3%	2.040
22	1.8%	1.000	38	2.0%	1.246	54	2.3%	2.135
23	1.8%	1.000	39	2.0%	1.262	55	2.3%	2.230
24	1.8%	1.000	40	2.0%	1.278	56	2.3%	2.333
25	1.8%	1.004	41	2.0%	1.302	57	2.3%	2.437
26	1.8%	1.024	42	2.0%	1.325	58	2.3%	2.548
27	1.8%	1.048	43	2.0%	1.357	59	2.3%	2.603
28	1.8%	1.087	44	2.0%	1.397	60	2.3%	2.714
29	1.8%	1.119	45	2.0%	1.444	61	2.3%	2.810
30	1.8%	1.135	46	2.0%	1.500	62	2.3%	2.873
31	1.8%	1.159	47	2.0%	1.563	63	2.3%	2.952
32	1.8%	1.183	48	2.0%	1.635	64	2.3%	3.000
33	1.8%	1.198	49	2.0%	1.706	Total	100%	1.580
34	1.8%	1.214	50	2.3%	1.786	Adj Fx	1/total	0.633

Geographic Factor Calibration: Molina calibrated the Plan Adjusted Index Rates to the average single risk pool across all areas (a 1.003 geographic factor). Molina multiplied the expected member distribution by area by the geographic factors. The calibration factor of 0.997 equals the 1.000 single risk pool geographic factor divided by the total area factor (1.000 / 1.003).

Geographic Calibration			
Geographic Region	**Member %**	**Allowed Claims**	**Geographic Factor**
Region 15	**13.4%**	**372.75**	**0.970**
Region 16	**22.7%**	**372.75**	**0.970**
Region 17	**47.5%**	**372.75**	**0.970**
Region 19	**16.3%**	**451.53**	**1.175**
Total	**100.0%**	**384.28**	**1.003**
	Calibration Factor (1/ Total)		**0.997**

CONSUMER ADJUSTED PREMIUM DEVELOPMENT

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

Consumer Adjusted Premium Rates 2015							
Item	**Description**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Cata-strophic**	**Comments**
a	**Plan Adjusted Index Rate**	**441.71**	**371.08**	**331.73**	**270.49**	**261.82**	**URRT, Worksheet 2, Section IV**
b	**Age Calibration**	**0.633**	**0.633**	**0.633**	**0.633**	**0.633**	**See Age Curve Calibration**
c	**Area Calibration**	**0.997**	**0.997**	**0.997**	**0.997**	**0.997**	**See Geographic Area Calibration**
d	**Consumer Adjusted Premium Rate**	**278.61**	**234.06**	**209.24**	**170.61**	**165.14**	**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	**0.881**	**N/A**	**N/A**	**N/A**
Gold	**0.788**	**NA**	**NA**	**NA**
Silver	**0.703**	**0.740**	**0.880**	**0.948**
Bronze	**0.617**	**NA**	**NA**	**NA**
Catastrophic	**0.598**	**NA**	**NA**	**NA**

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 applied to the index rate are as follows:

AV Pricing Values							
Item	**Description**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Cata-strophic**	**Comments**
a	**Actuarial Value**	**1.252**	**1.120**	**1.000**	**0.878**	**0.850**	**See AV Adj. to Reference Plan**
b	**Cost Sharing Utilization Adjustment**	**1.063**	**0.998**	**1.000**	**0.929**	**0.929**	**See Cost Sharing Adj to Reference Plan**
c	**Non-EHB Benefits**	**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	**Administration Costs**	**1.201**	**1.201**	**1.201**	**1.201**	**1.201**	**See Admin Costs**
g	**AV Pricing Values**	**1.600**	**1.344**	**1.201**	**0.980**	**0.948**	**a x b x c x d x e x f**

Actuarial Value Adjustment to Reference Plan: The Actuarial Value Adjustment to Reference Plan is determined by taking the ratio of the Actuarial Values for each product and comparing to the Silver product, the reference plan.

The Cost Sharing Utilization Adjustment to Reference Plan is determined by dividing the Cost Sharing Utilization Adjustment for each product by the Cost Sharing Utilization Adjustment for the Silver product, the reference plan.

Actuarial Values and Cost Sharing Adjustment						
Item	**Product**	**Actuarial Value (AV)**	**AV rel to Reference**	**Cost Sharing Util (CSU)**	**CSU rel to Reference**	**Comments**
a	Platinum	0.881	1.252	0.982	1.063	a / c
b	Gold	0.788	1.120	0.922	0.998	b / c
c	Silver (Reference)	0.703	1.000	0.923	1.000	c / c
d	Bronze	0.617	0.878	0.858	0.929	d / c
e	Catastrophic	0.598	0.850	0.858	0.929	e / c

AREA FACTORS

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. Health status and experience were not used to calculate the geographic factors.

Geographic Calibration			
Geographic Region	**Member %**	**Allowed Claims**	**Geographic Factor**
Region 15	13.4%	372.75	0.970
Region 16	22.7%	372.75	0.970
Region 17	47.5%	372.75	0.970
Region 19	16.3%	451.53	1.175
Total	100.0%	384.28	1.003
Calibration Factor (1/ Total)			0.997

MEMBERSHIP PROJECTIONS

Molina is filing Covered California rates in 4 counties representing 4 rating regions. Molina estimated the number of 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.

Member Projections - Product	
Product	**Members**
Platinum	1,564
Gold	4,124
Silver 100-150% FPL	7,030
Silver 151-200% FPL	9,255
Silver 200-250% FPL	1,686
Silver 250%+ FPL	1,673
Bronze	22,294
Catastrophic	98
Total	47,724

Membership Projection - Region	
Region	**Members**
Region 15	6,415
Region 16	10,857
Region 17	22,684
Region 19	7,769
Total	47,724

TERMINATED PRODUCTS

Not Applicable.

PLAN TYPE

Not Applicable.

WARNING ALERTS

Not Applicable.

EFFECTIVE RATE REVIEW INFORMATION

Not Applicable.

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:

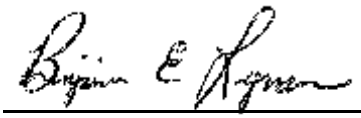
a. In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)),
b. Developed in compliance with the applicable Actuarial Standards of Practice,
c. Reasonable in relation to the benefits provided and the population anticipated to be covered,
d. Neither excessive 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.



July 31, 2014

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

Date

STATE OF CALIFORNIA Edmund G. Brown Jr., Governor

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:

Molina Healthcare of California, Inc.

SERFF Tracking Number:

MHCA-129660027

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.)

Not applicable.

2) Overall annual medical trend factor assumptions for all benefits

6.6%

3) Actual Costs by Aggregate Benefit Category

Hospital Inpatitient	Dollar Cost: 102.08
	Cost as Percentage of Medicare: 72% to 180%
Hospital Outpatient (including ER)	Dollar Cost: 65.35
	Cost as Percentage of Medicare: 72% to 180%
Physician/other professional services	Dollar Cost: 55.59
	Cost as Percentage of Medicare: 100% to 140%
Prescription Drug	Dollar Cost: 51.10
	Cost as Percentage of Medicare: N/A
Laboratory (other than inpatient)	Dollar Cost: N/A
	Cost as Percentage of Medicare: N/A

Radiology (other than inpatient)	Dollar Cost: N/A
	Cost as Percentage of Medicare: N/A
Capitation (professional)	Dollar Cost and Description: 99.10 (This number may contain institutional capitation)
Capitation (institutional)	Dollar Cost and Description: N/A
Capitation (other)	Dollar Cost and Description: N/A
Other (describe)	Dollar Cost and Description: 11.06, Includes: durable medical equipment, Ambulance, prosthetics and glasses.

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: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Hospital Outpatient (including ER)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Physician/other professional services	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Prescription Drug	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Laboratory (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Radiology (other than inpatient)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

Capitation (professional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (institutional)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Capitation (other)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%
Other (describe)	Trend attributable to use of services: 0%
	Trend attributable to price inflation: 6.6%
	Trend attributable to fees and risk: 0%

5) Other Information
Complete and submit the CA Plain Language Spreadsheet.

Please see attached CA Plain Language Spreadsheet.