

FEDERAL ACTUARIAL MEMORANDUM

1. General Information

- Company Identifying Information

Company Legal Name:	Anthem Health Plans of Kentucky, Inc.
State:	Kentucky
HIOS Issuer ID:	36239
NAIC Company Code:	95120
Market:	Small Group
Effective Date:	January 1, 2021

- Company Contact Information

Primary Contact Name:	Craig Allen
Primary Contact Telephone Number:	[REDACTED]
Primary Contact Email Address:	[REDACTED]

2. Scope and Purpose of the Filing

This is a rate filing for the Small Group market ACA-compliant plans offered by Anthem Health Plans of Kentucky, Inc. , also referred to as Anthem. The policy forms associated with these plans are listed below. The proposed rates in this filing will be effective for the 2021 plan year beginning January 1, 2021, and apply to plans Off-Exchange. This filing also includes quarterly premium trends for the year. Rates are guaranteed for 12 months after the group’s effective date or renewal date. The products and proposed rates in this filing apply to groups with 50 or fewer employees.

The rates and rating assumptions including trend, morbidity, and benefit adjustments proposed in this submission reflect an estimate of the claims cost impact of the current COVID-19 outbreak, economic impacts, and expected membership migration across markets as well as the regulatory framework and insurer participation in the market as of July 22, 2020. To the extent emerging data shows COVID-19 testing and treatment are impacting costs significantly different than assumed in this filing, or if there are changes in regulation or insurer participation, then proposed rates may no longer be appropriate and should be reevaluated for revision and resubmission. This rate filing is not intended to be used for other purposes.

Policy Form Number(s):

ABCBS-KY-PPO Rev (1/21)
ABCBS-KY-HMO/EPO Rev (1/21)

3. Proposed Rate Increase(s)

The proposed rates have been developed from 2019 ACA experience.

The proposed annual rate changes by product in this filing range from 5.84% to 8.47%, with rate changes by plan from (1.16%) to 17.76%. These ranges are based on the renewing plans, and are consistent with what is reported in the Unified Rate Review Template. Exhibit A shows the rate change for each plan.

Factors that affect the rate changes for all plans include:

- Emerging experience different than projected.
- Trend: This includes the impact of inflation, provider contracting changes, and changes in utilization of services.
- Morbidity: There are anticipated changes in the market-wide morbidity of the covered population in the projection period.
- Changes in anticipated risk adjustment transfer dollars in the projection period.
- Benefit modifications, including changes made to comply with updated AV requirements.

- Changes in taxes, fees, and some non-benefit expenses, including the discontinuance of the Health Insurer Tax in 2021 and reinstatement of PCORI in 2021.

Although rates are based on the same claims experience, the rate changes vary by plan due to the following factors:

- Changes in benefit design that vary by plan.
- Updates in benefit relativity factors among plans.
- Changes in some non-benefit expenses that are applied on a PMPM basis.
- Changes in the claim cost relativity by network.

4. Experience and Current Period Premium, Claims, and Enrollment

The experience period premium and claims reported in Worksheet 1, Section I of the Unified Rate Review Template (URRT) are for the non-grandfathered, single risk pool compliant policies of the identified legal entity in the Small Group market. The designation of a small employer applies to group policies of 50 or fewer employees.

- Paid Through Date

The experience reported in Worksheet 1, Section I of the URRT reflects the incurred claims from January 1, 2019 through December 31, 2019 based on claims paid through February 29, 2020.

- Current Date

The Current Date for Current Enrollment and Current Premium PMPM in Worksheet 2, Section II of the URRT is April 30, 2020.

- Experience Period Premium

[REDACTED]

[REDACTED] the net earned premium is \$289,441,033 for the legal entity as reported in cell E18 of Worksheet 1, Section I of the URRT.

- Allowed and Incurred Claims Incurred During the Experience Period

The allowed claims are determined by subtracting non-covered benefits, provider discounts, and coordination of benefits amounts from the billed amount.

Allowed and incurred claims are completed using the chain ladder method, an industry standard, by using historic paid vs. incurred claims patterns. The method calculates historic completion percentages, representing the percent of cumulative claims paid of the ultimate incurred amounts for each lag month. Claim backlog files are reviewed on a monthly basis and are accounted for in the historical completion factor estimates.

Allowed and incurred claims reported in Worksheet 1, Section I of the URRT are \$294,872,820 and \$234,267,573, respectively. These amounts differ from those shown in Exhibit B due to the URRT including Rx Rebates and transitional plan experience.

5. Benefit Categories

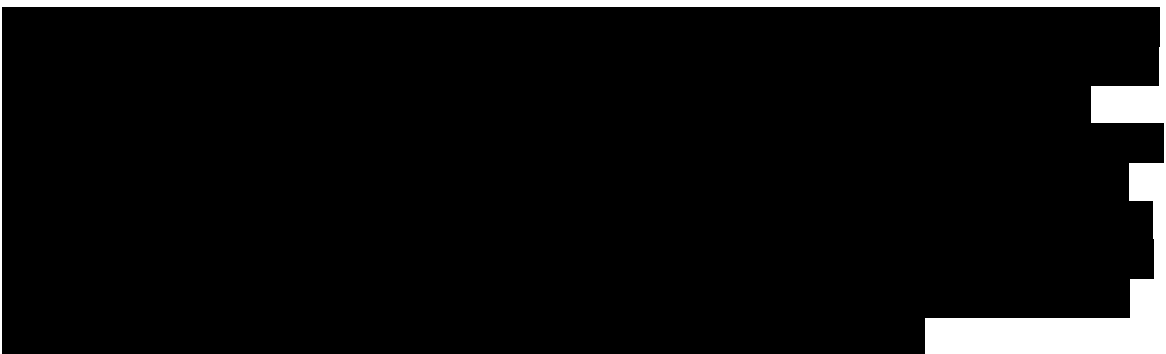
The methodology used to determine benefit categories in Worksheet 1, Section II of the URRT is as follows:

- Inpatient Hospital: Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.
- Outpatient Hospital: Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.
- Professional: Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.
- Other Medical: Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, and dental services.
- Capitation: Includes all services provided under one or more capitated arrangements.
- Prescription Drug: Includes drugs dispensed by a pharmacy and rebates received from drug manufacturers.

6. Projection Factors

The experience period claims in Worksheet 1, Section I of the URRT are projected to the projection period using the factors described below. Exhibit C provides a summary of the factors.

- Trend Factors (cost/utilization)

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- Morbidity Adjustment

Adjustments are made to account for the differences between the average morbidity of the experience period population and that of the anticipated population in the projection period.

The projected population consists of expected retention of existing policies, transitional policies voluntarily migrating to ACA-compliant plans, and new groups to Anthem. The morbidity impacts of population movement are based on the experience period risk score data and estimated risk scores of the projected population. The morbidity includes a 2.4% single year addition to reflect the 2021 rebound of elective procedures deferred in 2020 during the COVID-19 pandemic. Exhibit F shows the morbidity factor.

- Changes in Demographics (Normalization)

The experience period claims are normalized to reflect anticipated changes in age/gender, area, network, and benefit plan in the projection period. Exhibit E provides detail of each normalization factor below:

- Age/Gender: The assumed claims cost is applied by age and gender to the experience period membership distribution and the projection period membership distribution.
- Area/Network: The area claims factors are developed based on an analysis of allowed claims by network, mapped to the prescribed rating areas using the group's 5-digit zip code.
- Benefit Plan: The experience period claims are normalized to reflect the average benefit level in the projection period using benefit relativities. The benefit relativities include the value of cost shares and anticipated changes in utilization due to the difference in average cost share requirements.

- Plan Design Changes

Changes in benefits include the following items. Exhibit F shows each adjustment factor.

- Essential Health Benefit (EHB) Changes: The impact of Essential Health Benefit (EHB) Changes is 0.03% due to the removal of autism visit limits.
- Out-of-Network Benefit Adjustments: Adjustments are made to account for the member cost sharing change for Out-of-Network benefits between the experience period and the projection period for some plans.
- Rx Adjustments: Adjustments are made to reflect differences in the Rx formulary and mail order programs between the experience period and the projection period.

- Other Adjustments

Other adjustments to the experience claims data include the following items. Exhibit C has the seasonality maturing adjustment factor. Exhibit F and Exhibit G provide all other factors.

- Seasonality Maturing Adjustment: Adjustments are made when policies in the experience period have less than 12 months of experience in order to get them on a full 12-month basis that is expected in the projection period. The seasonality factors take into account claim seasonality during the year and the effect of calendar-year deductibles in health insurance.
- Composite Rating: Effective 1/1/17, 4-tier composite rating is available to all groups. As required by 45 CFR §147.102(c) (1) and (3), a small group's total composite premium must equal the sum of the per-member premiums for all covered employees and dependents. In addition, once the composite premiums are computed at the beginning of the plan year, they must not vary during the plan year, regardless of any census changes within the group. An adjustment is being made to the rates to reflect the overall anticipated premium shortfall resulting from the inability to adjust the composite premium when a group's census changes during the plan year. The prescribed composite rating factors by tier and an example of the 4-tier composite rating methodology is shown in Exhibit O.
- Rx Rebates: The projected claims cost is adjusted to reflect anticipated Rx rebates. These projections take into account the most up-to-date information regarding anticipated rebate contracts, drug prices, anticipated price inflation, and upcoming patent expirations.
- Projected costs of pediatric dental and vision benefits are included.
- Benefits in excess of the essential health benefits in the projection period are included. Exhibit G provides details of additional non-EHB benefits.

Transitional product experience has been included in Worksheet 1, Section I of the URRT, in compliance with URR Instructions. In Exhibit C, transitional policies are not included in the starting claims PMPM as they are not expected to be enrolled in fully ACA-compliant plans during the projection period.

7. Manual Rate Adjustments

The experience period claims are 100% credible based on the credibility method used. Therefore, a manual rate was not used in the rate development.

8. Credibility of Experience

- Credibility Method Used

Based on an analysis of historical data, the standard for fully credible experience is 12,712 members.

To determine credibility, the following formula was used: $\sqrt{\text{experience period members} / 12,712}$

- Resulting Credibility Level Assigned to Base Period Experience

With 20,437 members, the credibility level assigned to the experience period claims is 100%.

9. Establishing the Index Rate

- Experience Period Index Rate

The experience period Index Rate is equal to the allowed claims PMPM for the essential health benefits of Anthem's non-grandfathered business in the Small Group market. The experience period Index Rate is \$507.68. Due to rounding restrictions in the URRT, the experience period Index Rate displayed in Worksheet 1, Section II of the URRT may be slightly different from this number. No benefits in excess of the essential health benefits have been included in this amount.

- Projection Period Index Rate

The projection period Index Rate is equal to projected allowed claims PMPM for the essential health benefits of Anthem's non-grandfathered business in the Small Group market. It reflects the anticipated claim level of the projection period including impact from trend, benefit and demographics as described in Section 6 of this memo.

The projected Index Rate is reported in Worksheet 1, Section II, cell F42 of the URRT and is also shown in Exhibit D. Note there are minor variances between the projection period Index Rate in the URRT and Actuarial Memorandum due to rounding methodology in the URRT. No benefits in excess of the essential health benefits have been included in this amount.

- Quarterly Premium Trend Factors

Quarterly premium rate changes will be implemented for products Off-Exchange. Exhibit D provides the quarterly premium trend factors for the remainder of the year.

10. Development of the Market-wide Adjusted Index Rate

The Market-wide Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules. The three market-wide adjustments - Risk Adjustment, Reinsurance, and Exchange User Fee adjustment - are described below. In compliance with URR Instructions, these adjustments were applied on an allowed basis in the development of the Market-wide Adjusted Index Rate. Exhibit D illustrates the development of the Market-wide Adjusted Index Rate. Note that there are minor variances between the Market-wide Adjusted Index Rate in the URRT and Actuarial Memorandum due to rounding methodology in the URRT.

- Projected Risk Adjustments PMPM

Projection period risk adjustments are estimated based on the HHS payment transfer formula. An independent consultant's study and CMS preliminary 2019 risk adjustment transfers are used to develop the assumptions for the company's relative risk to the market. Projected changes in population movements and demographics that may affect risk adjustments are also considered, as well as the impact of high-cost risk pooling.

The projected risk adjustment PMPMs reported in Worksheet 2 of the URRT are on a paid claim basis, while the projected amount applied to the development of Market-wide Adjusted Index Rate is on an allowed claim basis. Exhibit D and Exhibit H provide details.

- Exchange User Fees

Exchange User Fee: The Exchange User Fee is set to zero for this legal entity since Anthem will not be participating in the Exchange at this time.

11. Plan Adjusted Index Rate

The Plan Adjusted Index Rate is calculated as the Market-wide Adjusted Index Rate adjusted for all allowable plan level modifiers defined in the market rating rules. Exhibit K shows the development. The plan level modifiers are described below:

- AV and Cost Sharing Adjustments: This is a multiplicative factor that adjusts for the projected paid/allowed ratio of each plan, based on the AV metal value with an adjustment for utilization differences due to differences in cost sharing.
- Provider Network Adjustments: This is a multiplicative factor that adjusts for differences in projected claims cost due to different network discounts.
- Adjustments for Benefits in Addition to the Essential Health Benefits: This multiplicative factor adjusts for additional non-EHB benefits shown in Exhibit G.
- Catastrophic Plan Adjustment: There are no catastrophic plans in this filing. The factor of 1.0 indicates no adjustments.
- Adjustments for Distribution and Administrative Cost: This is an additive adjustment that includes all the selling expense, administration and retention Items shown in Exhibit I.

12. Calibration

The Plan Adjusted Index Rate is calibrated by the Age and Geographic factors so that the schedule of premium rates for each plan can be further developed. Exhibit L shows both calibration factors.

- Age Curve Calibration

The age factors are based on the Default Federal Standard Age Curve. The age calibration adjustment is calculated as the member weighted average of the age factors, using the projected membership distribution by age, with an adjustment for the maximum of 3 child dependents under age 21. Under this methodology, the approximate average age rounded to the nearest whole number for the risk pool is 46.

- Geographic Factor Calibration

The geographic factors are developed from historical claims experience. The geographic calibration adjustment is calculated as the member weighted average of the geographic factors, using the projected membership distribution by area.

13. Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is calculated by calibrating the Plan Adjusted Index Rate by the Age and Geographic calibration factors described above, and applying consumer specific age and geographic rating factors. Exhibit O has the sample rate calculations.

14. Projected Loss Ratio

- Projected Federal MLR

Exhibit J shows the projected Federal MLR for the products in this filing. The calculation is an estimate and is not meant to be a true measure for Federal or State MLR rebate purposes. The products in this filing represent only a subset of Anthem's Small Group business. The MLR for Anthem's entire book of Small Group business will be compared to the minimum Federal benchmark for purposes of determining regulation-related premium refunds. Also note that the projected Federal MLR presented here does not capture all adjustments, including but not limited to: three-year averaging, credibility, dual option, and deductible. Anthem's projected MLR is expected to meet or exceed the minimum MLR standards at the market level after including all adjustments.

15. Actuarial Value Metal Values

The Actuarial Value (AV) Metal Values reported in Worksheet 2, Section I of the URRT are based on the AV Calculator. To the extent a component of the benefit design was not accommodated by an available input within the AV Calculator, the benefit characteristic was adjusted to be actuarially equivalent to an available input within the AV Calculator for purposes of utilizing the AV Calculator as the basis for the AV Metal Values. When applicable, benefits for plans that are not compatible with the parameters of the AV Calculator have been separately identified and documented in the Unique Plan Design Supporting Documentation and Justification that supports the Plan & Benefits Template.

16. Membership Projections

Membership projections are reported in Worksheet 2, Section IV of the URRT. They are based on historical and current enrollment, expected new sales and lapses, and anticipated voluntary movement from transitional policies.

17. Terminated Plans and Products

Exhibit P provides a listing of products from 2018, 2019, and 2020 that will be terminated prior to January 1, 2021.

18. Plan Type

The plan type for each plan reported in Worksheet 2, Section I of the URRT is consistent with the option chosen from the drop-down box.

19. Reliance

In support of this rate development, various data and analyses were provided by other members of Anthem's actuarial staff, including data and analysis related to cost of care, valuation, and pricing. I have reviewed the data and analyses for reasonableness and consistency. I have also relied on John Baumann, FSA, MAAA to provide the actuarial certification for the Unique Plan Design Supporting Documentation and Justification for plans included in this filing.

20. Actuarial Certification

I, Craig Allen, am an actuary for Anthem. I am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I hereby certify that the following statements are true to the best of my knowledge with regards to this filing:

(1) The projected Index Rate is:

- In compliance with all applicable state and Federal statutes and regulations (45 CFR 156.80 and 147.102)
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Not excessive nor deficient

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

(3) The geographic rating factors reflect differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

(4) The most recent 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. To the extent a component of the benefit design was not accommodated by an available input within the AV Calculator, the benefit characteristic was adjusted to be actuarially equivalent to an available input within the AV Calculator for purposes of utilizing the AV Calculator as the basis for AV Metal Values. Benefits for plans that are not compatible with the parameters of the AV Calculator have been separately identified and documented in the Unique Plan Design Supporting Documentation and Justification that supports the Plan & Benefits Template.

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the rates. Rather it represents information required by Federal regulation to be provided in support of the review of rate changes, for certification of Qualified Health Plans for Federally-Facilitated Exchanges, and for certification that the Index Rate is developed in accordance with Federal regulation, used consistently, and only adjusted by the allowable modifiers. However, this Actuarial Memorandum does accurately describe the process used by the issuer to develop the rates.

The rates and rating assumptions including trend, morbidity, and benefit adjustments proposed in this submission reflect an estimate of the claims cost impact of the current COVID-19 outbreak, economic impacts, and expected membership migration across insurance markets as well as the regulatory framework and insurer participation in the market as of July 22, 2020. To the extent emerging data shows COVID-19 testing and treatment are impacting costs significantly different than assumed in this filing, or if there are changes in regulation or insurer participation, then proposed rates may no longer be appropriate and should be reevaluated for revision and resubmission.



Craig Allen
Actuarial Director

July 22, 2020
Date

Exhibit A - Non-Grandfathered Rate Changes

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

HIOS Plan Name	2020 HIOS Plan ID	On/Off		Network Name	Area(s) Offered	Plan Category	Plan Specific Rate Change (excluding aging) ^{(1),(2)}
		Exchange	Metal Level				
Anthem Bronze Blue Access PPO 8000/50%/8500	36239KY0990238	Off	Bronze	Blue Access		Renewing	16.7%
Anthem Bronze Pathway PPO 8000/50%/8500	36239KY0990239	Off	Bronze	Pathway		Renewing	16.6%
Anthem Silver Blue Access PPO 3500E/50%/6500 w/HSA	36239KY0990255	Off	Silver	Blue Access		New	0.0%
Anthem Silver Blue Access PPO 4500E/20%/7000 w/HSA	36239KY0990257	Off	Silver	Blue Access		New	0.0%
Anthem Silver Pathway PPO 3500E/50%/6500 w/HSA	36239KY0990256	Off	Silver	Pathway		New	0.0%
Anthem Silver Pathway PPO 4500/20%/7000 w/HSA	36239KY0990258	Off	Silver	Pathway		New	0.0%
Anthem Silver Blue Access PPO 2500/30%/8500	36239KY0990052	Off	Silver	Blue Access		Renewing	5.0%
Anthem Silver Blue Access PPO 2500/20%/6000	36239KY0990248	Off	Silver	Blue Access		Renewing	10.4%
Anthem Silver Blue Access PPO 3750E/20%/7000 w/HSA	36239KY0990169	Off	Silver	Blue Access		Renewing	0.2%
Anthem Silver Blue Access PPO 3000/20%/8500	36239KY0990187	Off	Silver	Blue Access		Renewing	14.2%
Anthem Silver Blue Access PPO 3000EC/0%/6850 w/HSA	36239KY0990240	Off	Silver	Blue Access		Renewing	5.0%
Anthem Silver Blue Access PPO 3000EC/10%/6500 w/HSA	36239KY0990250	Off	Silver	Blue Access		Renewing	1.1%
Anthem Silver Blue Access PPO 6000/20%/8500	36239KY0990064	Off	Silver	Blue Access		Renewing	5.1%
Anthem Silver Blue Access PPO 7000/20%/8150	36239KY0990220	Off	Silver	Blue Access		Renewing	8.5%
Anthem Silver Pathway PPO 2500/30%/8500	36239KY0990202	Off	Silver	Pathway		Renewing	4.5%
Anthem Silver Pathway PPO 3750E/20%/7000 w/HSA	36239KY0990214	Off	Silver	Pathway		Renewing	-1.2%
Anthem Silver Pathway PPO 3000/20%/8500	36239KY0990206	Off	Silver	Pathway		Renewing	13.3%
Anthem Silver Pathway PPO 3000EC/0%/6850 w/HSA	36239KY0990241	Off	Silver	Pathway		Renewing	3.6%
Anthem Silver Pathway PPO 4500/20%/8500	36239KY0990205	Off	Silver	Pathway		Renewing	3.9%
Anthem Silver Pathway PPO 5500/20%/8500	36239KY0990178	Off	Silver	Pathway		Renewing	2.6%
Anthem Silver Pathway PPO 6000/20%/8500	36239KY0990216	Off	Silver	Pathway		Renewing	4.3%
Anthem Silver Pathway PPO 7000/20%/8150	36239KY0990181	Off	Silver	Pathway		Renewing	7.4%
Anthem Gold Blue Access PPO 1000/20%/7000	36239KY0990166	Off	Gold	Blue Access		Renewing	5.2%
Anthem Gold Blue Access PPO 1500/20%/3000	36239KY0990246	Off	Gold	Blue Access		Renewing	11.1%
Anthem Gold Blue Access PPO 1500/20%/5500	36239KY0990165	Off	Gold	Blue Access		Renewing	5.6%
Anthem Gold Blue Access PPO 1500/20%/6000	36239KY0990062	Off	Gold	Blue Access		Renewing	7.2%
Anthem Gold Blue Access PPO 1500/20%/6000 (Grp Conv)	36239KY0990237	Off	Gold	Blue Access		Renewing	0.0%
Anthem Gold Blue Access PPO 2000/20%/4500	36239KY0990167	Off	Gold	Blue Access		Renewing	4.9%
Anthem Gold Blue Access PPO 2500/30%/5000	36239KY0990055	Off	Gold	Blue Access		Renewing	7.6%
Anthem Gold Blue Access PPO 2950/20%/8000	36239KY0990225	Off	Gold	Blue Access		Renewing	4.2%
Anthem Gold Blue Access PPO 500/10%/3500	36239KY0990244	Off	Gold	Blue Access		Renewing	7.3%
Anthem Gold Blue Access PPO 500/20%/8550	36239KY0990164	Off	Gold	Blue Access		Renewing	6.2%
Anthem Gold Pathway PPO 1000/20%/7000	36239KY0990193	Off	Gold	Pathway		Renewing	4.3%
Anthem Gold Pathway PPO 1500/20%/3000	36239KY0990247	Off	Gold	Pathway		Renewing	10.0%
Anthem Gold Pathway PPO 1500/20%/6000	36239KY0990195	Off	Gold	Pathway		Renewing	5.5%
Anthem Gold Pathway PPO 1500/20%/6000 (Grp Conv)	36239KY0990252	Off	Gold	Pathway		Renewing	0.0%
Anthem Gold Pathway PPO 2000/20%/4500	36239KY0990196	Off	Gold	Pathway		Renewing	4.1%
Anthem Gold Pathway PPO 2500/30%/5000	36239KY0990199	Off	Gold	Pathway		Renewing	6.6%
Anthem Gold Pathway PPO 2950/20%/8000	36239KY0990224	Off	Gold	Pathway		Renewing	3.3%
Anthem Platinum Blue Access PPO 15/0%/3000	36239KY0990234	Off	Platinum	Blue Access		Renewing	5.3%
Anthem Platinum Blue Access PPO 1000/0%/2850	36239KY0990242	Off	Platinum	Blue Access		Renewing	5.0%
Anthem Platinum Blue Access PPO 1000/10%/2500	36239KY0990253	Off	Platinum	Blue Access		Renewing	5.8%
Anthem Platinum Blue Access PPO 10/10%/2500	36239KY0990190	Off	Platinum	Blue Access		Renewing	7.4%
Anthem Platinum Pathway PPO 10/10%/2500	36239KY0990173	Off	Platinum	Pathway		Renewing	6.3%

Exhibit A - Non-Grandfathered Rate Changes

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

HIOS Plan Name	2020 HIOS Plan ID	On/Off		Network Name	Area(s) Offered	Plan Category	Plan Specific Rate Change (excluding aging) ^{(1),(2)}
		Exchange	Metal Level				
Anthem Bronze Pathway HMO 8000/50%/8500	36239KY1170073	Off	Bronze	Pathway HMO		Renewing	17.8%
Anthem Silver Pathway HMO 3500E/50%/6500 w/HSA	36239KY1170114	Off	Silver	Pathway HMO		New	0.0%
Anthem Silver Pathway HMO 4500E/20%/7000 w/HSA	36239KY1170115	Off	Silver	Pathway HMO		New	0.0%
Anthem Silver Pathway HMO 2500/30%/8500	36239KY1170032	Off	Silver	Pathway HMO		Renewing	5.7%
Anthem Silver Pathway HMO 2500/20%/6000	36239KY1170078	Off	Silver	Pathway HMO		Renewing	11.5%
Anthem Silver Pathway HMO 3750E/20%/7000 w/HSA	36239KY1170034	Off	Silver	Pathway HMO		Renewing	0.9%
Anthem Silver Pathway HMO 3000/20%/8500	36239KY1170049	Off	Silver	Pathway HMO		Renewing	14.4%
Anthem Silver Pathway HMO 3000EC/0%/6850 w/HSA	36239KY1170074	Off	Silver	Pathway HMO		Renewing	5.1%
Anthem Silver Pathway HMO 3000EC/10%/6500 w/HSA	36239KY1170079	Off	Silver	Pathway HMO		Renewing	0.0%
Anthem Silver Pathway HMO 6000/20%/8500	36239KY1170027	Off	Silver	Pathway HMO		Renewing	5.1%
Anthem Silver Pathway HMO 7000/20%/8150	36239KY1170056	Off	Silver	Pathway HMO		Renewing	8.6%
Anthem Gold Pathway HMO 1000/20%/7000	36239KY1170038	Off	Gold	Pathway HMO		Renewing	6.4%
Anthem Gold Pathway HMO 1500/20%/3000	36239KY1170077	Off	Gold	Pathway HMO		Renewing	0.0%
Anthem Gold Pathway HMO 1500/20%/5500	36239KY1170033	Off	Gold	Pathway HMO		Renewing	5.6%
Anthem Gold Pathway HMO 1500/20%/6000	36239KY1170041	Off	Gold	Pathway HMO		Renewing	6.9%
Anthem Gold Pathway HMO 1500/20%/6000 (Grp Conv)	36239KY1170072	Off	Gold	Pathway HMO		Renewing	0.0%
Anthem Gold Pathway HMO 2000/20%/4500	36239KY1170042	Off	Gold	Pathway HMO		Renewing	5.2%
Anthem Gold Pathway HMO 2500/30%/5000	36239KY1170045	Off	Gold	Pathway HMO		Renewing	7.7%
Anthem Gold Pathway HMO 2950/20%/8000	36239KY1170030	Off	Gold	Pathway HMO		Renewing	3.9%
Anthem Gold Pathway HMO 500/10%/3500	36239KY1170076	Off	Gold	Pathway HMO		Renewing	7.6%
Anthem Gold Pathway HMO 500/20%/8550	36239KY1170039	Off	Gold	Pathway HMO		Renewing	0.0%
Anthem Platinum Pathway HMO 15/0%/3000	36239KY1170071	Off	Platinum	Pathway HMO		Renewing	0.0%
Anthem Platinum Pathway HMO 1000/0%/2850	36239KY1170075	Off	Platinum	Pathway HMO		Renewing	5.0%
Anthem Platinum Pathway HMO 1000/10%/2500	36239KY1170080	Off	Platinum	Pathway HMO		Renewing	5.9%
Anthem Platinum Pathway HMO 10/10%/2500	36239KY1170037	Off	Platinum	Pathway HMO		Renewing	7.3%
Anthem Link Bronze Pathway EPO 6500EC/50%/7000 w/HSA	36239KY1200001	Off	Bronze	Pathway EPO		New	0.0%
Anthem Link Silver Pathway EPO 3000EC/30%/5000 w/HSA	36239KY1200002	Off	Silver	Pathway EPO		New	0.0%
Anthem Link Silver Pathway EPO 4000EC/20%/6900 w/HSA	36239KY1200003	Off	Silver	Pathway EPO		New	0.0%
Anthem Link Silver Pathway EPO 8000/20%/8500	36239KY1200007	Off	Silver	Pathway EPO		New	0.0%
Anthem Link Gold Pathway EPO 1500/20%/8500	36239KY1200006	Off	Gold	Pathway EPO		New	0.0%
Anthem Link Gold Pathway EPO 2500/20%/5000	36239KY1200005	Off	Gold	Pathway EPO		New	0.0%
Anthem Link Gold Pathway EPO 3500/20%/7000	36239KY1200004	Off	Gold	Pathway EPO		New	0.0%
Anthem Link Platinum Pathway EPO 750/20%/2500	36239KY1200008	Off	Platinum	Pathway EPO		New	0.0%

NOTES:

{1} Plan level increases in rates do not include demographic changes in the population.

{2} Plan level rate increases were developed in accordance to URR Instructions. For 'New' 2021 plans, non-zero rate increases were calculated based off 2020 terminated plans mapped to them.

Exhibit B - Claims Experience for Rate Developments

Anthem Health Plans of Kentucky, Inc.
Small Group

Experience Rate Claims Experience
Incurred January 1, 2019 through December 31, 2019
Paid through February 29, 2020

PAID CLAIMS:									
Incurred and Paid Claims:		IBNR:		Fully Incurred Claims:			Total	Member	Total
Medical	Drug	Medical	Drug	Medical	Drug	Capitation	Benefit Expense	Months	PMPM
\$74,664,272	\$38,144,418	\$1,933,278	\$99,432	\$76,597,550	\$38,243,851	\$28,001	\$114,869,402	245,250	\$468.38

ALLOWED CLAIMS:									
Incurred and Paid Claims:		IBNR:		Fully Incurred Claims:			Total	Member	Total
Medical	Drug	Medical	Drug	Medical	Drug	Capitation	Benefit Expense	Months	PMPM
\$97,004,023	\$44,889,714	\$2,391,749	\$116,641	\$99,395,772	\$45,006,355	\$28,001	\$144,430,128	245,250	\$588.91

Note

{1} The 'Experience Rate Claims Experience' above does not account for Transitional Plans or Rx Rebates in 'Paid Claims', whereas the claims shown in Worksheet 1, Section 1 of the URRT include them, if present.

Exhibit C - Index Rate Development

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

	Experience Rate	
1) Starting Paid Claims PMPM		Exhibit B
2) x Seasonality Maturing Adjustment		
3) = Mature Claims PMPM		= (1) x (2)
4) x Normalization Factor		Exhibit E
5) = Normalized Claims		= (3) x (4)
6) x Plan Design Changes		Exhibit F
7) x Morbidity Changes		Exhibit F
8) x Trend Factor		Exhibit F
9) = Projected Paid Claim Cost		= (5) x (6) x (7) x (8)
10) Credibility Weight		
11) Blended Paid Claims		
12) - <u>Non-EHBs Embedded in Line Item 1) Above</u>		
13) = Projected Paid Claims, Excluding ALL Non-EHBs		= (11) - (12)
14) + Rx Rebates		Exhibit G
15) + Additional EHBs		Exhibit G
16) = Projected Paid Claims Reflecting only EHBs	\$589.54	= (13) + (14) + (15)
17) ÷ Paid to Allowed Ratio	0.7862	
18) = Index Rate ^{2}	\$749.86	= (16) / (17)

NOTE:

- {1} Factors above are detailed in subsequent exhibits
- {2} 1Q Index Rate is Projected Allowed Claims for EHBs only
- {3} Index Rate may differ slightly from URRT due to rounding

Exhibit D - Quarterly Index and Market Adjusted Index Rate Development

Anthem Health Plans of Kentucky, Inc. Small Group

	Rates Effective:				Member Weighted Average
	1Q21	2Q21	3Q21	4Q21	
Renewing Membership					100.00%
Quarterly Allowed Trend					
Index Rate ^{1}	\$749.86				\$ 765.60
Reinsurance Contribution ^{2}					
Expected Reinsurance Payments					
Risk Adjustment Net Transfer					
Exchange User Fee					
Paid-to-allowed Ratio					
Market-wide Adjusted Index Rate ^{3}	\$711.80				\$ 727.54
Quarterly Premium Trend ^{4}					

NOTES:

{1} The 1Q index rate was derived in Exhibit C. The index rate changes each quarter with the quarterly allowed trend as illustrated above.

{2} The details of Risk Mitigation programs are shown in Exhibit H. Exchange User Fee is explained in the Memo, and also shown in Exhibit I.

{3} Market-wide Adjusted Index Rate = Index Rate + ((Reinsurance + Risk Adjustment + Exchange User Fee) ÷ Paid-to-allowed Ratio)

{4} The quarterly premium trend reflects quarterly allowed trend, deductible leveraging, and anticipated quarterly changes in risk mitigation programs and non-benefit expenses.

{5} Minor rate variances may occur due to differences in rounding methodology.

Exhibit E - Normalization Factors

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2021

	Average Claim Factors - Experience Rate		Normalization Factor ⁽¹⁾
	Experience Period Population	Future Population	
Age/Gender			
Area/Network			
Benefit Plan			
Total			

Note

{1} Normalization Factor = Future Population Factor / Experience Period Population Factor

Exhibit F - Projection Period Adjustments

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

<i>Impact of Changes Between Experience Period and Projection Period:</i>		<u>Experience Rate</u>
<u>Plan Design Changes</u>		
	EHB Changes	
	Network Adjustments	
	Rx adjustments	
	<hr/> Total Benefit Changes	
<u>Morbidity Changes</u>		
	Total Morbidity Changes	
<u>Trend & Other Cost of Care Impacts</u>		
	Annual Medical/Rx Trend Rate	
	# Months of Projection	
	Trend Factor	

Note

{1} Explanation of the factors above is provided in the Actuarial Memorandum

Exhibit G - Other Claim Adjustments

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

<i>Other Claim Adjustments</i>	
	PMPM
Rx Rebates	
Additional EHBs	
Pediatric Dental	
Pediatric Vision	
Total - Additional EHBs	
Additional non-EHBs	
CCP, Adult Dental, Adult Vision	
Total - Additional Non-EHBs	

NOTES:

{1} This exhibit includes projected claims from lines 14 & 15 of Exhibit C and additional non EHBs.

Exhibit H - Risk Adjustment and Reinsurance - Contributions and Payments

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2021

<u>Risk Adjustment:</u>		
PMPM		Net Transfer{1}
Federal Program		[REDACTED]
<u>Reinsurance:</u> ^{2}		
PMPM	Contributions Made	Expected Receipts
Federal Program	\$0.00	\$0.00
Grand Total of All Risk Mitigation Programs		[REDACTED]

NOTES:

{1} Projected risk adjustment transfer amount is explained in the Memorandum "Development of the Market-wide Adjusted Index Rate" Section.

{2} Federal Reinsurance Program is no longer applicable starting in 2017.

Exhibit I - Non-Benefit Expenses and Profit & Risk

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

	Expenses Applied As a PMPM Cost	Expenses Applied as a % of Premium ⁽¹⁾		Expenses Expressed as a PMPM ⁽⁵⁾
Administrative Expenses				
Administrative Costs				
Quality Improvement Expense				
Selling Expense				
Specialty Expenses				
Total Administrative Expenses				\$50.05
Taxes and Fees				
PCORI Fee				
ACA Insurer Fee				
Risk Adjustment Fee ⁽²⁾				
Marketplace User Fee				
MLR-Deductible Federal/State Income Taxes ⁽³⁾				
Misc Taxes & Fees - %-of-Premium				
Total Taxes and Fees				\$19.62
Profit and Risk Margin ⁽⁴⁾				\$30.45
Total Non-Benefit Expenses, Profit, and Risk				\$100.12

NOTES:

{1} The sum of the rounded percentages shown may not equal the total at the bottom of the table due to rounding.

{2} The Risk Adjustment User Fee reflects the per capita annual user fee rate established by HHS at the time this filing was prepared: \$2.28 per year or \$0.19 per-enrollee-per-month

{3} Includes only those income taxes which are deductible from the MLR denominator; in particular, Federal income taxes on investment income are excluded.

{4} Profit and Risk Margin shown here is post-tax profit, net of those federal and state income taxes which are deductible from the MLR denominator.

{5} Anthem's Non-Benefit Expenses are applied in both PMPM and % of Premium as shown above. The last column expresses all non-benefit Expenses in PMPM only.

Exhibit J - Federal MLR Estimated Calculation

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

Numerator:

Incurred Claims ^{1}
 + Quality Improvement Expense
 + Risk Corridor Contributions
 + Risk Adjustment Net Transfer
 + Reinsurance Receipts
 + Risk Corridor Receipts
 + Reduction to Rx Incurred Claims (ACA MLR)

 = **Estimated Federal MLR Numerator**



Exhibit C (Line 16) + Exhibit G (Total Non-EHBs)
 Exhibit I
 Exhibit H
 Exhibit H
 Footnote ^{3}

Denominator:

Premiums ^{2}
 - Federal and State Taxes
 - Premium Taxes
 - Risk Adjustment User Fee
 - Reinsurance Contributions
 - Licensing and Regulatory Fees

 = **Estimated Federal MLR Denominator**

Incurred Claims + Exhibit H (Total) + Exhibit I (Total)
 Exhibit I (Federal/State Income Taxes)
 Exhibit I (Premium Tax)
 Exhibit I
 Exhibit H
 Exhibit I (PCORI, ACA and Marketplace Fees)

Estimated Federal MLR

Footnote ^{4}

NOTES:

{1} Incurred Claims = Projected Paid Claims for EHB (Exhibit C Line 16) + additional non EHBs (Exhibit G Total Non-EHBs)

{2} Premiums = Incurred Claims in this exhibit + Risk Mitigation Programs in Exhibit H + Non-Benefit Expenses and Profit & Risk Margin in Exhibit I

{3} This is the amount of 2021 pharmacy claims that are attributable to PBM Administrative Expenses (i.e. the 'retail spread' or 'pharmacy claims margin'). It is calculated by applying the 3rd party margin percentage to the 2021 projected Pharmacy claims including projected rebates.

{4} The above calculation is purely an estimate and not meant to be compared to the minimum MLR benchmark for federal/state MLR rebate purposes:

- * The above calculation represents only the products in this filing. Federal MLR will be calculated at the legal entity and market level.
- * Not all numerator/denominator components are captured above (for example, fraud and prevention program costs, payroll taxes, assessments for state high risk pools etc.).
- * Other adjustments may also be applied within the federal MLR calculation such as 3-year averaging, new business, credibility, deductible and dual option. These are ignored in the above calculation.
- * Licensing and Regulatory Fees include ACA-related fees as allowed under the MLR Final Rule.

Exhibit K - Plan Adjusted Index Rate and Consumer Adjusted Premium Rates

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2021

HIOS Plan Name	HIOS Plan ID	Market Adjusted Index Rate (Exhibit D)	Cost Sharing Adjustment	Provider Network Adjustment	Adjustment for Benefits in Addition to the Catastrophic Plan		Administrative Costs ⁽²⁾	Plan Adjusted Index Rate ⁽³⁾	Calibration Factor ⁽⁴⁾	Adjust to 1Q21 eff date	Consumer Adjusted Premium Rate ⁽⁵⁾
					EHSB	Adjustment ⁽¹⁾					
Anthem Bronze Blue Access PPO 8000/50%/8500	36239KY0990238	\$711.80					\$595.07	1.4871	1.0000	\$400.15	
Anthem Bronze Pathway PPO 8000/50%/8500	36239KY0990239	\$711.80					\$564.21	1.4871	1.0000	\$379.40	
Anthem Silver Blue Access PPO 3500E/50%/6500 w/HSA	36239KY0990255	\$711.80					\$569.35	1.4871	1.0000	\$382.86	
Anthem Silver Blue Access PPO 4500E/20%/7000 w/HSA	36239KY0990257	\$711.80					\$555.68	1.4871	1.0000	\$373.67	
Anthem Silver Pathway PPO 3500E/50%/6500 w/HSA	36239KY0990256	\$711.80					\$539.83	1.4871	1.0000	\$363.01	
Anthem Silver Pathway PPO 4500/20%/7000 w/HSA	36239KY0990258	\$711.80					\$526.87	1.4871	1.0000	\$354.29	
Anthem Silver Blue Access PPO 2500/30%/8500	36239KY0990052	\$711.80					\$640.99	1.4871	1.0000	\$431.03	
Anthem Silver Blue Access PPO 2500/20%/6000	36239KY0990248	\$711.80					\$652.46	1.4871	1.0000	\$438.75	
Anthem Silver Blue Access PPO 3750E/20%/7000 w/HSA	36239KY0990169	\$711.80					\$576.93	1.4871	1.0000	\$387.96	
Anthem Silver Blue Access PPO 3000/20%/8500	36239KY0990187	\$711.80					\$642.79	1.4871	1.0000	\$432.24	
Anthem Silver Blue Access PPO 3000EC/0%/6850 w/HSA	36239KY0990240	\$711.80					\$600.76	1.4871	1.0000	\$403.98	
Anthem Silver Blue Access PPO 3000EC/10%/6500 w/HSA	36239KY0990250	\$711.80					\$588.44	1.4871	1.0000	\$395.69	
Anthem Silver Blue Access PPO 6000/20%/8500	36239KY0990064	\$711.80					\$603.74	1.4871	1.0000	\$405.98	
Anthem Silver Blue Access PPO 7000/20%/8150	36239KY0990220	\$711.80					\$612.41	1.4871	1.0000	\$411.81	
Anthem Silver Pathway PPO 2500/30%/8500	36239KY0990202	\$711.80					\$607.76	1.4871	1.0000	\$408.69	
Anthem Silver Pathway PPO 3750E/20%/7000 w/HSA	36239KY0990214	\$711.80					\$547.02	1.4871	1.0000	\$367.84	
Anthem Silver Pathway PPO 3000/20%/8500	36239KY0990206	\$711.80					\$609.46	1.4871	1.0000	\$409.83	
Anthem Silver Pathway PPO 3000EC/0%/6850 w/HSA	36239KY0990241	\$711.80					\$569.61	1.4871	1.0000	\$383.03	
Anthem Silver Pathway PPO 4500/20%/8500	36239KY0990205	\$711.80					\$588.48	1.4871	1.0000	\$395.73	
Anthem Silver Pathway PPO 5500/20%/8500	36239KY0990178	\$711.80					\$580.36	1.4871	1.0000	\$390.26	
Anthem Silver Pathway PPO 6000/20%/8500	36239KY0990216	\$711.80					\$572.44	1.4871	1.0000	\$384.93	
Anthem Silver Pathway PPO 7000/20%/8150	36239KY0990181	\$711.80					\$580.65	1.4871	1.0000	\$390.46	
Anthem Gold Blue Access PPO 1000/20%/7000	36239KY0990166	\$711.80					\$721.90	1.4871	1.0000	\$485.44	
Anthem Gold Blue Access PPO 1500/20%/3000	36239KY0990246	\$711.80					\$711.76	1.4871	1.0000	\$478.62	
Anthem Gold Blue Access PPO 1500/20%/5500	36239KY0990165	\$711.80					\$722.06	1.4871	1.0000	\$485.55	
Anthem Gold Blue Access PPO 1500/20%/6000	36239KY0990062	\$711.80					\$718.31	1.4871	1.0000	\$483.03	
Anthem Gold Blue Access PPO 1500/20%/6000 (Grp Conv)	36239KY0990237	\$711.80					\$718.31	1.4871	1.0000	\$483.03	
Anthem Gold Blue Access PPO 2000/20%/4500	36239KY0990167	\$711.80					\$713.99	1.4871	1.0000	\$480.12	
Anthem Gold Blue Access PPO 2500/30%/5000	36239KY0990055	\$711.80					\$691.11	1.4871	1.0000	\$464.74	
Anthem Gold Blue Access PPO 2950/20%/8000	36239KY0990225	\$711.80					\$655.92	1.4871	1.0000	\$441.07	
Anthem Gold Blue Access PPO 500/10%/3500	36239KY0990244	\$711.80					\$725.70	1.4871	1.0000	\$488.00	
Anthem Gold Blue Access PPO 500/20%/8550	36239KY0990164	\$711.80					\$734.65	1.4871	1.0000	\$494.02	
Anthem Gold Pathway PPO 1000/20%/7000	36239KY0990193	\$711.80					\$684.47	1.4871	1.0000	\$460.27	
Anthem Gold Pathway PPO 1500/20%/3000	36239KY0990247	\$711.80					\$674.86	1.4871	1.0000	\$453.81	
Anthem Gold Pathway PPO 1500/20%/6000	36239KY0990195	\$711.80					\$681.06	1.4871	1.0000	\$457.98	
Anthem Gold Pathway PPO 1500/20%/6000 (Grp Conv)	36239KY0990252	\$711.80					\$681.06	1.4871	1.0000	\$457.98	
Anthem Gold Pathway PPO 2000/20%/4500	36239KY0990196	\$711.80					\$676.97	1.4871	1.0000	\$455.23	
Anthem Gold Pathway PPO 2500/30%/5000	36239KY0990199	\$711.80					\$655.27	1.4871	1.0000	\$440.64	
Anthem Gold Pathway PPO 2950/20%/8000	36239KY0990224	\$711.80					\$621.91	1.4871	1.0000	\$418.21	
Anthem Platinum Blue Access PPO 15/0%/3000	36239KY0990234	\$711.80					\$839.77	1.4871	1.0000	\$564.70	
Anthem Platinum Blue Access PPO 1000/0%/2850	36239KY0990242	\$711.80					\$802.76	1.4871	1.0000	\$539.82	
Anthem Platinum Blue Access PPO 1000/10%/2500	36239KY0990253	\$711.80					\$792.92	1.4871	1.0000	\$533.20	
Anthem Platinum Blue Access PPO 10/10%/2500	36239KY0990190	\$711.80					\$831.88	1.4871	1.0000	\$559.40	
Anthem Platinum Pathway PPO 10/10%/2500	36239KY0990173	\$711.80					\$788.75	1.4871	1.0000	\$530.40	
Anthem Bronze Pathway HMO 8000/50%/8500	36239KY1170073	\$711.80					\$514.51	1.4871	1.0000	\$345.98	
Anthem Silver Pathway HMO 3500E/50%/6500 w/HSA	36239KY1170114	\$711.80					\$491.88	1.4871	1.0000	\$330.76	
Anthem Silver Pathway HMO 4500E/20%/7000 w/HSA	36239KY1170115	\$711.80					\$480.31	1.4871	1.0000	\$322.98	
Anthem Silver Pathway HMO 2500/30%/8500	36239KY1170032	\$711.80					\$554.81	1.4871	1.0000	\$373.08	
Anthem Silver Pathway HMO 2500/20%/6000	36239KY1170078	\$711.80					\$564.34	1.4871	1.0000	\$379.49	
Anthem Silver Pathway HMO 3750E/20%/7000 w/HSA	36239KY1170034	\$711.80					\$499.69	1.4871	1.0000	\$336.02	
Anthem Silver Pathway HMO 3000/20%/8500	36239KY1170049	\$711.80					\$556.34	1.4871	1.0000	\$374.11	
Anthem Silver Pathway HMO 3000EC/0%/6850 w/HSA	36239KY1170074	\$711.80					\$519.26	1.4871	1.0000	\$349.18	
Anthem Silver Pathway HMO 3000EC/10%/6500 w/HSA	36239KY1170079	\$711.80					\$509.45	1.4871	1.0000	\$342.58	
Anthem Silver Pathway HMO 6000/20%/8500	36239KY1170027	\$711.80					\$522.33	1.4871	1.0000	\$351.24	
Anthem Silver Pathway HMO 7000/20%/8150	36239KY1170056	\$711.80					\$530.43	1.4871	1.0000	\$356.69	
Anthem Gold Pathway HMO 1000/20%/7000	36239KY1170038	\$711.80					\$624.41	1.4871	1.0000	\$419.89	
Anthem Gold Pathway HMO 1500/20%/3000	36239KY1170077	\$711.80					\$615.21	1.4871	1.0000	\$413.70	
Anthem Gold Pathway HMO 1500/20%/5500	36239KY1170033	\$711.80					\$624.72	1.4871	1.0000	\$420.10	

Exhibit K - Plan Adjusted Index Rate and Consumer Adjusted Premium Rates

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2021

HIOS Plan Name	HIOS Plan ID	Market Adjusted Index Rate (Exhibit D)	Cost Sharing Adjustment	Provider Network Adjustment	Adjustment for Benefits in Addition to the EHBS	Catastrophic Plan Adjustment ⁽¹⁾	Administrative Costs ⁽²⁾	Plan Adjusted Index Rate ⁽³⁾	Calibration Factor ⁽⁴⁾	Adjust to 1Q21 eff date	Consumer Adjusted Premium Rate ⁽⁵⁾
Anthem Gold Pathway HMO 1500/20%/6000	36239KY1170041	\$711.80						\$620.87	1.4871	1.0000	\$417.50
Anthem Gold Pathway HMO 1500/20%/6000 (Grp Conv)	36239KY1170072	\$711.80						\$620.87	1.4871	1.0000	\$417.50
Anthem Gold Pathway HMO 2000/20%/4500	36239KY1170042	\$711.80						\$617.66	1.4871	1.0000	\$415.35
Anthem Gold Pathway HMO 2500/30%/5000	36239KY1170045	\$711.80						\$597.63	1.4871	1.0000	\$401.88
Anthem Gold Pathway HMO 2950/20%/8000	36239KY1170030	\$711.80						\$567.82	1.4871	1.0000	\$381.83
Anthem Gold Pathway HMO 500/10%/3500	36239KY1170076	\$711.80						\$627.63	1.4871	1.0000	\$422.05
Anthem Gold Pathway HMO 500/20%/8550	36239KY1170039	\$711.80						\$635.61	1.4871	1.0000	\$427.42
Anthem Platinum Pathway HMO 15/0%/3000	36239KY1170071	\$711.80						\$725.52	1.4871	1.0000	\$487.88
Anthem Platinum Pathway HMO 1000/0%/2850	36239KY1170075	\$711.80						\$693.59	1.4871	1.0000	\$466.41
Anthem Platinum Pathway HMO 1000/10%/2500	36239KY1170080	\$711.80						\$685.08	1.4871	1.0000	\$460.68
Anthem Platinum Pathway HMO 10/10%/2500	36239KY1170037	\$711.80						\$719.04	1.4871	1.0000	\$483.52
Anthem Link Bronze Pathway EPO 6500EC/50%/7000 w/HSA	36239KY1200001	\$711.80						\$513.14	1.4871	1.0000	\$345.06
Anthem Link Silver Pathway EPO 3000EC/30%/5000 w/HSA	36239KY1200002	\$711.80						\$573.48	1.4871	1.0000	\$385.64
Anthem Link Silver Pathway EPO 4000EC/20%/6900 w/HSA	36239KY1200003	\$711.80						\$527.84	1.4871	1.0000	\$354.94
Anthem Link Silver Pathway EPO 8000/20%/8500	36239KY1200007	\$711.80						\$554.03	1.4871	1.0000	\$372.56
Anthem Link Gold Pathway EPO 1500/20%/8500	36239KY1200006	\$711.80						\$652.34	1.4871	1.0000	\$438.67
Anthem Link Gold Pathway EPO 2500/20%/5000	36239KY1200005	\$711.80						\$642.22	1.4871	1.0000	\$431.86
Anthem Link Gold Pathway EPO 3500/20%/7000	36239KY1200004	\$711.80						\$600.16	1.4871	1.0000	\$403.57
Anthem Link Platinum Pathway EPO 750/20%/2500	36239KY1200008	\$711.80						\$736.98	1.4871	1.0000	\$495.58

Notes:

{1} This adjustment reflects the projected costs of the population eligible for catastrophic plans.

{2} This is an additive adjustment that includes all the selling expense, administration and retention items shown in Exhibit I, with the exception of the Exchange User Fee. The Exchange User Fee has been included in the Market-wide Adjusted Index Rate at the market level.

{3} The Plan Adjusted Index Rate is calculated by multiplying the Market-wide Adjusted Index Rate by the AV and cost sharing, provider network, benefits in addition to the EHBS, and catastrophic plan adjustments and then adding the administrative costs. The Plan Adjusted Index Rate can also be described as a Plan Level Required Premium.

{4} See Exhibit L - Calibration.

{5} The Consumer Adjusted Premium Rate is equal to 'Plan Adjusted Index Rate' divided by 'Calibration Factor'.

Exhibit L - Calibration

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

<i>Average rating factors for 2021 population:</i>	
	Calibration Factors
Age	1.4871
Tobacco	1.0000
Area	1.0000
Total Calibration Factor{1}	1.4871

NOTES:

{1} Total Calibration factor was used in Exhibit K.

{2} Age calibration includes adjustments for membership that exceeds the three child dependent cap, as permitted by CMS per 2021 Part 3 Instructions.

Exhibit M - Age and Tobacco Factors

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2021

Age	Age Factors	Tobacco Factors
	2021	2021
0-14	0.765	1.000
15	0.833	1.000
16	0.859	1.000
17	0.885	1.000
18	0.913	1.000
19	0.941	1.000
20	0.970	1.000
21	1.000	1.000
22	1.000	1.000
23	1.000	1.000
24	1.000	1.000
25	1.004	1.000
26	1.024	1.000
27	1.048	1.000
28	1.087	1.000
29	1.119	1.000
30	1.135	1.000
31	1.159	1.000
32	1.183	1.000
33	1.198	1.000
34	1.214	1.000
35	1.222	1.000
36	1.230	1.000
37	1.238	1.000
38	1.246	1.000
39	1.262	1.000
40	1.278	1.000
41	1.302	1.000
42	1.325	1.000
43	1.357	1.000
44	1.397	1.000
45	1.444	1.000
46	1.500	1.000
47	1.563	1.000
48	1.635	1.000
49	1.706	1.000
50	1.786	1.000
51	1.865	1.000
52	1.952	1.000
53	2.040	1.000
54	2.135	1.000
55	2.230	1.000
56	2.333	1.000
57	2.437	1.000
58	2.548	1.000
59	2.603	1.000
60	2.714	1.000
61	2.810	1.000
62	2.873	1.000
63	2.952	1.000
64+	3.000	1.000

NOTES:

The weighted average of these factors for the entire risk pool included in this rate filing is provided in Exhibit L.

Exhibit N - Area Factors

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

Rating Area Description	2021 Area Rating Factor	2020 Area Rating Factor	Change
1 Western KY			
2 Owensboro			
3 Louisville			
4 Southern KY			
5 Lexington			
6 Northern KY			
7 Northeastern KY			
8 Southeastern KY			

NOTES:

{1} The weighted average of these factors for the entire risk pool included in this rate filing is provided in Exhibit L.

Exhibit O - Sample Rate Calculation

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2021

Group Name: Sample Group
Effective Date: 1/1/2021
On/Off Exchange: Off
Metal Level: Bronze
Plan ID: 36239KY0990239
Rating Area: 01
Group Census:

	Employee	Spouse	Child #1	Child #2	Child #3	Total Number of Children
	Age	Age	Age	Age	Age	
Employee #1	24	23	0			1
Employee #2	26					
Employee #3	28					
Employee #4	32	33				
Employee #5	30		2	4		2
Employee #6	45	45	18	15	12	5
Employee #7	53	55				
Employee #8	41		16	13		2
Employee #9	56					
Employee #10	39		25			1
Employee #11	62					
Employee #12	64	64				

Calculation of Monthly Premium:

Consumer Adjusted Premium Rate	\$379.40
x Area Factor	<u>1.0465</u>
Rate Adjusted for Area =	\$397.05

Age Factors:

	Employee	Spouse	Child #1	Child #2	Child #3	Number of Children Rated (1)
	Age Factor	Age Factor	Age Factor	Age Factor	Age Factor	
Employee #1	1.000	1.000	0.765			1
Employee #2	1.024					
Employee #3	1.087					
Employee #4	1.183	1.198				
Employee #5	1.135		0.765	0.765		2
Employee #6	1.444	1.444	0.913	0.833	0.765	3
Employee #7	2.040	2.230				
Employee #8	1.302		0.859	0.765		2
Employee #9	2.333					
Employee #10	1.262		1.004			1
Employee #11	2.873					
Employee #12	3.000	3.000				

Final Monthly Premium PMPM:

	Employee	Spouse	Children	Total
Employee #1	\$397.05	\$397.05	\$303.74	\$1,097.84
Employee #2	\$406.58			\$406.58
Employee #3	\$431.59			\$431.59
Employee #4	\$469.71	\$475.67		\$945.38
Employee #5	\$450.65		\$607.48	\$1,058.13
Employee #6	\$573.34	\$573.34	\$996.99	\$2,143.67
Employee #7	\$809.98	\$885.42		\$1,695.40
Employee #8	\$516.96		\$644.81	\$1,161.77
Employee #9	\$926.32			\$926.32
Employee #10	\$501.08		\$398.64	\$899.72
Employee #11	\$1,140.72			\$1,140.72
Employee #12	\$1,191.15	\$1,191.15		\$2,382.30
				<u>\$14,289.42</u>

NOTES:

- {1} As per the Market Reform Rule, when computing family premiums no more than the three oldest covered children under the age of 21 are taken into account whereas the premiums associated with each child age 21+ are included.
- {2} This sample calculation ignores the tobacco offset under a Wellness Program as described in the Market Reform Rule.
- {3} Minor rate variances may occur due to differences in rounding methodology.

COMPOSITE RATING EXAMPLE

Four-Tier Composite Rating Example:

Coverage	Number	Coverage Type Factor	Total CT Factors	Final Rate {1}	Total Rate
Single	4	1.00	4.00	\$ 672.44	\$ 2,689.77
Employee+Spouse	3	2.00	6.00	\$ 1,344.89	\$ 4,034.66
Employee+Child(ren)	3	1.85	5.55	\$ 1,244.02	\$ 3,732.06
Family	2	2.85	5.70	\$ 1,916.46	\$ 3,832.93
Total	12		21.25		<u>\$ 14,289.42</u>

Notes:

- {1} The single rate is equal to the total premium divided by the total contract type factors = \$14,289.42 / 21.25 = \$672.44

Exhibit P - Terminated Products

Anthem Health Plans of Kentucky, Inc.
Small Group

Effective January 1, 2021

Following are the products that will be terminated prior to the effective date:	
<i>This includes products that have experience included in the URRT during the experience period and any products that were not in effect during the experience period but were made available thereafter.</i>	
Pre ACA Terminated Products	
HIOS Product ID	HIOS Product Name
N/A	N/A
Post ACA Terminated Products	
HIOS Product ID	HIOS Product Name
N/A	N/A

NOTES:

{1} This exhibit may include a greater number of HIOS Product IDs than the URRT, WS2, as this list additionally includes terminated Product IDs that were introduced after the experience period.