

Humana Health Plan- Small Group

This filing is for Humana 2022 small group non-grandfathered ACA block of business of exchange. This filing is for the company's HMO and POS business. The filed requested average rate increase is for 14.69%. Humana is projecting 8,696 members as of May, 2021.

The company indicated Essential Health Benefits (EHBs) are included in the rates and no additional benefits in excess of EHBs are included. The 2022 projected loss ratio is 79.34%. The estimated Federal medical loss ratio is 82.7%.

The annualized pricing trend is 8.16%. The projected member months in 2022 is 81,230.

HHP's 2022Q1 small group ACA premium is developed using the 12 months experience incurred in 1/1/2020– 12/31/2020 and paid through 03/31/2021. The 2020 MLR rebate to be paid for the Small Group MLR Pool in Kentucky is expected to be \$0.

Completion factors are applied to derive the incurred paid PMPM and allowed PMPM (\$613.77).

The allowed PMPM from the base period is then allocated into different benefit categories. Next, year one allowed trend of 5.9% and year 2 allowed trend of 6.6% are applied to calculate projected period allowed PMPM (\$693.07). Then, the projection period allowed PMPM is adjusted by 1.030 Morbidity Adjustment, 1.004 Demographic Shift, 0.999 Plan Design Change, and 1.021 Other adjustment (including -0.18% COVID adjustment). The projection period allowed PMPM after all the adjustment is \$731.04.

Credibility of 100% is assigned to this base period experience.

Risk adjustment transfers are estimated using HHP's internal model that projects and extrapolates risk adjustment transfers using Wakely Consulting data as a starting point. The projected risk adjustment is being a receiver of \$10.90 (allowed) PMPM. The Market Adjusted Index Rate (MAIR) is \$720.14.

For each plan, plan specific AV and Cost Sharing Design of Plan, Provider Network Adjustment and Benefits in Addition to EHB are applied to MAIR. Expenses are based on HHP's internal forecast for the projected period. Administrative and other expenses are projected to be 20.66% of premium. This reflects 4.03% for profit and contingency margin. Plan Adjusted Index Rates by plans are calculated by applying the expense load to each plan.

The filing was submitted and additional information was requested. They provided with both narrative answers and spreadsheet exhibits in response to these questions. Satisfactory supporting documentation for its assumptions was provided. Given the wide range of possible scenarios and magnitude and uncertainty of actual market purchaser characteristics, it is not unlikely that results will vary from the company's assumptions.

The filing has been analyzed with respect to the items required pursuant to 806 KAR 17:150. Based on the review the final approved average rate increase is 14.05 with the range from 12.10% to 15.88%