

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
 - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Filing at a Glance

Company: MVP Health Plan, Inc.
 Product Name: VT LG HMO Filing 2017
 State: VermontGMCB
 TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)
 Sub-TOI: HOrg02G.003B Large Group Only - POS
 Filing Type: GMCB Rate
 Date Submitted: 09/07/2016
 SERFF Tr Num: MVPH-130720563
 SERFF Status: Closed-Approved
 State Tr Num:
 State Status:
 Co Tr Num:

 Implementation: 01/01/2017
 Date Requested:
 Author(s): Matt Lombardo, Eric Bachner
 Reviewer(s): Thomas Crompton (primary), Judith Henkin, Jacqueline Lee, Marisa Melamed, Noel Hudson,
 David Dillon
 Disposition Date: 12/06/2016
 Disposition Status: Approved
 Implementation Date: 01/01/2017

 State Filing Description:

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
 - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

General Information

| | |
|--|-------------------------------|
| Project Name: | Status of Filing in Domicile: |
| Project Number: | Date Approved in Domicile: |
| Requested Filing Mode: Review & Approval | Domicile Status Comments: |
| Explanation for Combination/Other: | Market Type: Group |
| Submission Type: New Submission | Group Market Size: Large |
| Group Market Type: Employer | Overall Rate Impact: |
| Filing Status Changed: 12/09/2016 | |
| State Status Changed: | Deemer Date: |
| Created By: Eric Bachner | Submitted By: Eric Bachner |
| Corresponding Filing Tracking Number: | |

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

The proposed manual rates included within this filing are for employer groups with 100+ employees in the state of Vermont with coverage dates beginning between 1/1/2017 - 12/31/2017. The proposed experience rated formula and addendum values included within this filing are for employer groups with 100+ employees in the state of Vermont with coverage dates beginning between 1/1/2017 - 6/30/2017.

Company and Contact

Filing Contact Information

| | |
|-----------------------|-----------------------------|
| Matt Lombardo, | mlombardo@mvphealthcare.com |
| 625 State Street | 518-388-2483 [Phone] |
| Schenectady, NY 12305 | |

Filing Company Information

| | | |
|-----------------------------|-------------------------|-----------------------------|
| MVP Health Plan, Inc. | CoCode: 95521 | State of Domicile: New York |
| 625 State Street | Group Code: 1198 | Company Type: Health |
| Schenectady, NY 12305 | Group Name: | Maintenance Organization |
| (518) 388-2469 ext. [Phone] | FEIN Number: 14-1640868 | State ID Number: |

Filing Fees

Fee Required? No
 Retaliatory? No
 Fee Explanation:

State: VermontGMCB
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Filing Company: MVP Health Plan, Inc.
Project Name/Number: /

Correspondence Summary

Dispositions

| Status | Created By | Created On | Date Submitted |
|----------|-----------------|------------|----------------|
| Approved | Thomas Crompton | 12/09/2016 | 12/09/2016 |

Objection Letters and Response Letters

Objection Letters

| Status | Created By | Created On | Date Submitted |
|------------------|----------------|------------|----------------|
| Pending Response | Jacqueline Lee | 11/07/2016 | 11/07/2016 |
| Pending Response | Jacqueline Lee | 11/07/2016 | 11/07/2016 |
| Pending Response | Jacqueline Lee | 09/27/2016 | 09/27/2016 |

Response Letters

| Responded By | Created On | Date Submitted |
|--------------|------------|----------------|
| Eric Bachner | 11/07/2016 | 11/07/2016 |
| Eric Bachner | 11/07/2016 | 11/07/2016 |
| Eric Bachner | 10/03/2016 | 10/03/2016 |

Amendments

| Schedule | Schedule Item Name | Created By | Created On | Date Submitted |
|---------------------|----------------------|--------------|------------|----------------|
| Supporting Document | Actuarial Memorandum | Eric Bachner | 12/08/2016 | 12/08/2016 |

Filing Notes

| Subject | Note Type | Created By | Created On | Date Submitted |
|-------------------------------------|---------------|-----------------|------------|----------------|
| 2nd RRS tab and RRD filed on 110716 | Reviewer Note | Thomas Crompton | 12/09/2016 | |
| Original RRS tab and RRD | Reviewer Note | Thomas Crompton | 11/07/2016 | |

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State: VermontGMCB
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Filing Company: MVP Health Plan, Inc.
Project Name/Number: /

Disposition

Disposition Date: 12/06/2016

Implementation Date: 01/01/2017

Status: Approved

HHS Status: Not Reported

State Review: Reviewed by Actuary

Comment: This filing currently has no (0) membership.

| 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): |
|-----------------------|----------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| MVP Health Plan, Inc. | Increase | 4.100% | 4.100% | \$0 | 0 | \$0 | 4.100% | 4.100% |

Percent Change Approved:

Minimum: 4.100%

Maximum: 4.100%

Weighted Average: 4.100%

| Schedule | Schedule Item | Schedule Item Status | Public Access |
|-------------------------------|---|----------------------|---------------|
| Supporting Document (revised) | Actuarial Memorandum | | No |
| Supporting Document | Actuarial Memorandum | | No |
| Supporting Document | Actuarial Memorandum and Certifications | | No |
| Supporting Document | Civil Union Rating Requirements | | No |
| Supporting Document | Consumer Disclosure Form | | No |
| Supporting Document | Filing Compliance Certification | | No |
| Supporting Document | Third Party Filing Authorization | | No |
| Supporting Document | Unified Rate Review Template | | No |
| Supporting Document | Response to Objection Letter #1 | | No |
| Supporting Document | Response to Objection Letter #2 | | No |

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
- POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Objection Letter

| | |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 11/07/2016 |
| Submitted Date | 11/07/2016 |
| Respond By Date | 11/07/2016 |

Dear Matt Lombardo,

Introduction:

1. Will you itemize the numbers that need to change in the chart you provided to get to the 8.2%? .
- For instance, in our correspondence this morning, you stated that the annual target LR change would be -1.3% (not -1.4%). However, the chart provided shows the -1.4%, which will be confusing if our report says -1.3%.
 - For the manual rate change, you state that the 1Q17 change is 1.0%. Should this be 1.1%? Exh 3a shows 1.1%.
 - Also, for the normalization of the age/gender for 1Q17, we have used the highest age factors for this calculation to get us to 0.9% (the response says 1.0%).

Conclusion:

Sincerely,
Jacqueline Lee

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
- POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Objection Letter

| | |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 11/07/2016 |
| Submitted Date | 11/07/2016 |
| Respond By Date | 11/07/2016 |

Dear Matt Lombardo,

Introduction:

Please see the attached letter.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas

Cabe W. Chadick, F.S.A.
S. Scott Gibson, F.S.A.
Glenn A. Tobleman, F.S.A., F.C.A.S.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Brian D. Rankin, F.S.A.
Bonnie S. Albritton, F.S.A.
Jacqueline B. Lee, F.S.A.
Xiaoxiao (Lisa) Jiang, F.S.A.
Brian C. Stentz, A.S.A.
Jennifer M. Allen, A.S.A.
Josh A. Hammerquist, A.S.A.
Johnathan L. O'Dell, A.S.A.
Clint Prater, A.S.A.
Larry Choi, A.S.A.
Kevin Rugeberg, A.S.A.
Traci Hughes, A.S.A.

**Kansas City**

Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
Leon L. Langlitz, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher J. Merkel, F.S.A.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.
Kimberly S. Shores, F.S.A.
Michael A. Brown, F.S.A.
Naomi J. Kloppersmith, F.S.A.
Stephanie T. Crownhart, F.S.A.
Mark W. Birdsall, F.S.A.

London/Kansas City

Timothy A. DeMars, F.S.A., F.I.A.
Scott E. Morrow, F.S.A., F.I.A.

Denver

Mark P. Stukowski, F.S.A.
William J. Gorski, F.S.A.

Indianapolis

Kathryn R. Koch, A.C.A.S.

Baltimore

David A. Palmer, C.F.E.

November 7, 2016

Matt Lombardo
MVP Health Insurance Company
625 State Street
Schenectady, NY 12305

Re: MVP Health Plan, Inc.
1Q/2Q 2017 Vermont Large Group HMO Rate Filing
SERFF Tracking #: MVPH-130720563
Objection #2

Dear Mr. Lombardo:

The following additional information is required for this filing.

General Information

1. Please explain the 8.0% rate change entered on SERFF for this filing and how it ties to the quarterly rate change information provided.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than November 7, 2016.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Ruggeberg', written over a horizontal line.

Kevin Ruggeberg, ASA, MAAA
Associate Actuary
Lewis & Ellis, Inc.
KRuggeberg@LewisEllis.com
(972)-850-0850

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
- POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Objection Letter

| | |
|-------------------------|------------------|
| Objection Letter Status | Pending Response |
| Objection Letter Date | 09/27/2016 |
| Submitted Date | 09/27/2016 |
| Respond By Date | 10/05/2016 |

Dear Matt Lombardo,

Introduction:

Please see the attached letter.

Conclusion:

Sincerely,
Jacqueline Lee

Dallas

Cabe W. Chadick, F.S.A.
S. Scott Gibson, F.S.A.
Glenn A. Tobleman, F.S.A., F.C.A.S.
Michael A. Mayberry, F.S.A.
David M. Dillon, F.S.A.
Gregory S. Wilson, F.C.A.S.
Steven D. Bryson, F.S.A.
Brian D. Rankin, F.S.A.
Bonnie S. Albritton, F.S.A.
Jacqueline B. Lee, F.S.A.
Xiaoxiao (Lisa) Jiang, F.S.A.
Brian C. Stentz, A.S.A.
Jennifer M. Allen, A.S.A.
Josh A. Hammerquist, A.S.A.
Johnathan L. O'Dell, A.S.A.
Clint Prater, A.S.A.
Larry Choi, A.S.A.
Kevin Rugeberg, A.S.A.
Traci Hughes, A.S.A.

**Kansas City**

Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
Leon L. Langlitz, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher J. Merkel, F.S.A.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.
Kimberly S. Shores, F.S.A.
Michael A. Brown, F.S.A.
Naomi J. Kloppersmith, F.S.A.
Stephanie T. Crownhart, F.S.A.
Mark W. Birdsall, F.S.A.

London/Kansas City

Timothy A. DeMars, F.S.A., F.I.A.
Scott E. Morrow, F.S.A., F.I.A.

Denver

Mark P. Stukowski, F.S.A.
William J. Gorski, F.S.A.

Indianapolis

Kathryn R. Koch, A.C.A.S.

Baltimore

David A. Palmer, C.F.E.

September 27, 2016

Matt Lombardo
MVP Health Insurance Company
625 State Street
Schenectady, NY 12305

Re: MVP Health Plan, Inc.
1Q/2Q 2017 Vermont Large Group HMO Rate Filing
SERFF Tracking #: MVPH-130720563
Objection #1

Dear Mr. Lombardo:

The following additional information is required for this filing.

General Information

1. We note that the increases in administrative loads and demographic factors are increases to the rates, and are not reflected in the proposed 1.1% increase per quarter. Please quantify the rate impact of all proposed changes that would change premium revenue for a group relative to the approved 4Q16 rates.

Demographic Adjustments

2. Please explain why it is appropriate to apply both trend and a re-normalization of the demographic factors to a block with no experience. While we understand that the factors are consistent with the PPO filing, this methodology appears to conflict with MVP's stated objective of "increasing the approved 4th quarter 2016 manual rates by one quarter of projected trend."

Non-Benefit Expenses

3. Please explain why the 2% of premium taxes included in the prior year's experience-rated addendum, and in the recently filed PPO filing, was removed in this filing.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than October 5, 2016.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Rugeberg', written over a horizontal line.

Kevin Rugeberg, ASA, MAAA
Associate Actuary
Lewis & Ellis, Inc.
KRugeberg@LewisEllis.com
(972)-850-0850

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
- POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/07/2016
Submitted Date 11/07/2016

Dear Thomas Crompton,

Introduction:

Posted is the question submitted by L&E followed by MVP's response.

1. Will you itemize the numbers that need to change in the chart you provided to get to the 8.2%?

- For instance, in our correspondence this morning, you stated that the annual target LR change would be -1.3% (not -1.4%). However, the chart provided shows the -1.4%, which will be confusing if our report says -1.3%.
- For the manual rate change, you state that the 1Q17 change is 1.0%. Should this be 1.1%? Exh 3a shows 1.1%.
- Also, for the normalization of the age/gender for 1Q17, we have used the highest age factors for this calculation to get us to 0.9% (the response says 1.0%)

The annual Change in PMPM in the previously provided table should go from 0.2% to 0.3%. This is due to rounding the individual components and then summing as opposed to rounding the final annual change. The change due to the target loss ratio on an annual basis is -1.26%.

The manual increase for 1Q17 should be 1.1% instead of the listed 1.0%. That is a typo.

The 3Q16 age/gender change is 2.950%. The 1Q17 age/gender change is 0.885%. Combined, these get you to 3.860%. Then, the total annual revenue change equals 1.0547 (annual manual change) * 1.0386 (annual age/gender change) * 0.9874 (annual target LR change) = 1.0816 (8.2%).

If you have any other questions, feel free to let me know.

Response 1

Comments:

Please see the above response to L&E's question.

Changed Items:

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Eric Bachner

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 11/07/2016
Submitted Date 11/07/2016

Dear Thomas Crompton,

Introduction:

Response 1

Comments:

Please see the attached supporting documentation which details MVP's response to L&E's Objection.

Changed Items:

| Supporting Document Schedule Item Changes | |
|---|--|
| Satisfied - Item: | Response to Objection Letter #2 |
| Comments: | |
| Attachment(s): | Response to 1Q 2017 LG HMO VT Objection #2.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Eric Bachner

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Response Letter

Response Letter Status Submitted to State
Response Letter Date 10/03/2016
Submitted Date 10/03/2016

Dear Thomas Crompton,

Introduction:

Response 1

Comments:

Please see the supporting documentation for MVP's response to Objection Letter #1.

Changed Items:

| Supporting Document Schedule Item Changes | |
|---|--|
| Satisfied - Item: | Response to Objection Letter #1 |
| Comments: | |
| Attachment(s): | Response to 1Q 2017 LG HMO VT Objection #1.pdf |

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

*Sincerely,
Eric Bachner*

State: VermontGMCB
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Filing Company: MVP Health Plan, Inc.
Project Name/Number: /

Amendment Letter

Submitted Date: 12/08/2016

Comments:
Please see the attached rate filing which modifies MVP's rates per the GMCB Decision and Order. In addition, please note the updated version of the Experience Rated Addendum which clarifies which company the Addendum is for (HMO in this case).

Changed Items:

No Form Schedule Items Changed.

No Rate Schedule Items Changed.

| Supporting Document Schedule Item Changes | |
|---|---|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | 1Q 2017 ACT MEMO HMO Large Group.pdf 2017 Experience Rating Formula Filing Exhibits A&B - Vermont.pdf MVP Health Care - Experience Formula effective 1.1.17_VT.pdf Appendices A- C - 1Q 2017.pdf VT Experience Rated Addendum - 1Q 2017 HMO UPDATED LABELS.pdf VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) GMCB DECISION SERFF.xlsx VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) GMCB DECISION SERFF.pdf |
| <i>Previous Version</i> | |
| Satisfied - Item: | <i>Actuarial Memorandum</i> |
| Comments: | |
| Attachment(s): | <i>1Q 2017 ACT MEMO HMO Large Group.pdf 2017 Experience Rating Formula Filing Exhibits A&B - Vermont.pdf MVP Health Care - Experience Formula effective 1.1.17_VT.pdf VT Experience Rated Addendum - 1Q 2017 HMO.pdf Appendices A- C - 1Q 2017.pdf VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) SERFF.xlsx VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) SERFF.pdf</i> |

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
- POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Reviewer Note

Created By:

Thomas Crompton on 12/09/2016 08:01 AM

Subject:

2nd RRS tab and RRD filed on 110716

Comments:


2nd RRS tab abd RRD filed on 11/07/16.

2nd RRST and RRD filed on 11/07/16


This Rate filing is not eligible for reporting to HHS.
[View/Edit Rate Justification](#)

| | |
|---|------------|
| Filing Method: | SERFF |
| Rate Change Type: | Increase |
| Overall Percentage of Last Rate Revision: | 1.800 % |
| Effective Date of Last Rate Revision: | 10/01/2015 |
| Filing Method of Last Filing: | SERFF |

Company Rate Information

| Company Name: | Company Rate Change? * | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where required): | Minimum % Change (where required): |
|---|------------------------|-----------------------------|------------------------|--|---|-----------------------------------|------------------------------------|------------------------------------|
|  MVP Health Plan, Inc. | Increase | 8.200 % | 8.200 % | \$0.00 | 0 | \$0.00 | 8.200 % | 8.200 % |


Company Name: MVP Health Plan, Inc.

HHS Issuer ID:  * 77566

PRODUCTS:  *

| Product Name* | HIOS Product ID | HIOS Submission ID | Number of Covered Lives* |
|--------------------------|-----------------|--------------------|--------------------------|
| Vermont HMO Contract Grp | | | 1 |

Trend Factors: 

FORMS: * 

New Policy Forms:

Affected Forms for Closed Blocks:

Other Affected Forms: VT HMO COC

REQUESTED RATE CHANGE INFORMATION: 

Change Period: * Annual

Member Months: * 1399

Benefit Change: * Increase

Percent Rate Change Requested: Min: 8.2% Max: 8.2% Weighted Avg.: 8.2%

PRIOR RATE: 

Total Earned Premium: * 0

Total Incurred Claims: * 0

Annualized PMPM \$: Min: * \$ 524.79 Max: * \$ 544.56 Weighted Avg.: * \$ 536.02

REQUESTED RATE: 

Projected Earned Premium: * 0

Projected Incurred Claims: * 0

Annualized PMPM \$: Min: * \$ 566.7 Max: * \$ 588.04 Weighted Avg.: * \$ 578.82

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
- POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Reviewer Note

Created By:

Thomas Crompton on 11/07/2016 12:29 PM

Subject:

Original RRS tab and RRD

Comments:

Original RRS tab and RRD

This Rate filing is not eligible for reporting to HHS.
[View/Edit Rate Justification](#)


| | |
|---|------------|
| Filing Method: | SERFF |
| Rate Change Type: | Increase |
| Overall Percentage of Last Rate Revision: | 1.800 % |
| Effective Date of Last Rate Revision: | 10/01/2015 |
| Filing Method of Last Filing: | SERFF |

Company Rate Information

| Company Name: | Company Rate Change? | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where required) | Minimum % Change (where required) |
|-----------------------|-----------------------------|------------------------------------|-------------------------------|---|--|--|--|--|
| MVP Health Plan, Inc. | Increase * | 8.000 % | 8.000 % | \$0.00 | 0 | \$0.00 | 8.000 % | 8.000 % |

[View Rate Review Detail](#)


Company Name: MVP Health Plan, Inc.


HHS Issuer ID:  * 77566

PRODUCTS:  *

| Product Name * | HIOS Product ID | HIOS Submission ID | Number of Covered Lives * |
|----------------|-----------------|--------------------|---------------------------|
|----------------|-----------------|--------------------|---------------------------|

| | | | |
|--------------------------|--|--|---|
| Vermont HMO Contract Grp | | | 1 |
|--------------------------|--|--|---|

Trend Factors: 

FORMS: * 

New Policy Forms:

Affected Forms for Closed Blocks:

Other Affected Forms: VT HMO COC

REQUESTED RATE CHANGE INFORMATION: 

Change Period: * Annual

Member Months: * 1399

Benefit Change: * Increase

Percent Rate Change Requested: Min: 8% Max: 8% Weighted Avg.: 8%

PRIOR RATE: 

Total Earned Premium: * 0

Total Incurred Claims: * 0

Annualized PMPM \$: Min: * \$ 524.79 Max: * \$ 544.56 Weighted Avg.: * \$ 536.02

REQUESTED RATE: 

Projected Earned Premium: * 0

Projected Incurred Claims: * 0

Annualized PMPM \$: Min: * \$ 566.7 Max: * \$ 588.04 Weighted Avg.: * \$ 578.82

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
 - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Post Submission Update Request Processed On 12/09/2016

Status: Allowed
Created By: Eric Bachner
Processed By: Thomas Crompton
Comments: This post submission update has been allowed.

Company Rate Information:

Company Name:MVP Health Plan, Inc.

| Field Name | Requested Change | Prior Value |
|----------------------------------|--------------------------|-------------|
| Overall % Indicated Change | 4.100% | 8.200% |
| Overall % Rate Impact | 4.100% | 8.200% |
| Maximum %Change (where required) | 4.100% | 8.200% |
| Minimum %Change (where required) | 4.100% | 8.200% |
| Product: | NEW | |
| Product Name | Vermont HMO Contract Grp | |
| Number of Covered Lives | 1 | |

REQUESTED RATE CHANGE INFORMATION:

| | | |
|----------------|-------|-------|
| Min: | 4.100 | 8.200 |
| Max: | 4.100 | 8.2 |
| Weighted Avg.: | 4.100 | 8.2 |

REQUESTED RATE:

| | | |
|----------------|---------|---------|
| Min: | 545.990 | 566.700 |
| Max: | 566.550 | 588.040 |
| Weighted Avg.: | 557.660 | 578.820 |

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
 - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Post Submission Update Request Processed On 11/07/2016

Status: Allowed
Created By: Eric Bachner
Processed By: Thomas Crompton
Comments: This post submission update has been allowed (11/07/2016).

Company Rate Information:

Company Name:MVP Health Plan, Inc.

| Field Name | Requested Change | Prior Value |
|----------------------------------|--------------------------|-------------|
| Overall % Indicated Change | 8.200% | 8.000% |
| Overall % Rate Impact | 8.200% | 8.000% |
| Maximum %Change (where required) | 8.200% | 8.000% |
| Minimum %Change (where required) | 8.200% | 8.000% |
| Product: | NEW | |
| Product Name | Vermont HMO Contract Grp | |
| Number of Covered Lives | 1 | |

REQUESTED RATE CHANGE INFORMATION:

| | | |
|----------------|-------|-------|
| Min: | 8.200 | 8.000 |
| Max: | 8.200 | 8 |
| Weighted Avg.: | 8.200 | 8 |

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Rate Information

Rate data applies to filing.

Filing Method: SERFF
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 1.800%
Effective Date of Last Rate Revision: 10/01/2015
Filing Method of Last Filing: SERFF

Company Rate Information

| Company Name: | Company Rate Change: | Overall % Indicated Change: | Overall % Rate Impact: | Written Premium Change for this Program: | Number of Policy Holders Affected for this Program: | Written Premium for this Program: | Maximum % Change (where req'd): | Minimum % Change (where req'd): |
|-----------------------|----------------------|-----------------------------|------------------------|--|---|-----------------------------------|---------------------------------|---------------------------------|
| MVP Health Plan, Inc. | Increase | 4.100% | 4.100% | \$0 | 0 | \$0 | 4.100% | 4.100% |

State: VermontGMCB Filing Company: MVP Health Plan, Inc.
 TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only
 - POS
 Product Name: VT LG HMO Filing 2017
 Project Name/Number: /

Rate Review Detail

COMPANY:

Company Name: MVP Health Plan, Inc.
 HHS Issuer Id: 77566

PRODUCTS:

| Product Name | HIOS Product ID | HIOS Submission ID | Number of Covered Lives |
|--------------------------|-----------------|--------------------|-------------------------|
| Vermont HMO Contract Grp | | | 1 |

Trend Factors:

FORMS:

New Policy Forms:
 Affected Forms:
 Other Affected Forms: VT HMO COC

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
 Member Months: 1,399
 Benefit Change: Increase
 Percent Change Requested: Min: 4.1 Max: 4.1 Avg: 4.1

PRIOR RATE:

Total Earned Premium: 0.00
 Total Incurred Claims: 0.00
 Annual \$: Min: 524.79 Max: 544.56 Avg: 536.02

REQUESTED RATE:

Projected Earned Premium: 0.00
 Projected Incurred Claims: 0.00
 Annual \$: Min: 545.99 Max: 566.55 Avg: 557.66

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State: VermontGMCB **Filing Company:** MVP Health Plan, Inc.
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Project Name/Number: /

Supporting Document Schedules

| | |
|--------------------------|---|
| Satisfied - Item: | Actuarial Memorandum |
| Comments: | |
| Attachment(s): | 1Q 2017 ACT MEMO HMO Large Group.pdf 2017 Experience Rating Formula Filing Exhibits A&B - Vermont.pdf MVP Health Care - Experience Formula effective 1.1.17_VT.pdf Appendices A- C - 1Q 2017.pdf VT Experience Rated Addendum - 1Q 2017 HMO UPDATED LABELS.pdf VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) GMCB DECISION SERFF.xlsx VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) GMCB DECISION SERFF.pdf |
| Item Status: | |
| Status Date: | |
| Bypassed - Item: | Actuarial Memorandum and Certifications |
| Bypass Reason: | N/A |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Satisfied - Item: | Civil Union Rating Requirements |
| Comments: | MVP's forms comply with 8 V.S.A. § 4724. |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Bypassed - Item: | Consumer Disclosure Form |
| Bypass Reason: | N/A |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |
| Satisfied - Item: | Filing Compliance Certification |
| Comments: | |
| Attachment(s): | Certification of Compliance - VT.pdf |
| Item Status: | |
| Status Date: | |

SERFF Tracking #:

MVPH-130720563

State Tracking #:**Company Tracking #:****State:**

VermontGMCB

Filing Company:

MVP Health Plan, Inc.

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS

Product Name:

VT LG HMO Filing 2017

Project Name/Number:

/

| | |
|-------------------------|----------------------------------|
| Bypassed - Item: | Third Party Filing Authorization |
| Bypass Reason: | N/A |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|-------------------------|------------------------------|
| Bypassed - Item: | Unified Rate Review Template |
| Bypass Reason: | N/A |
| Attachment(s): | |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--|
| Satisfied - Item: | Response to Objection Letter #1 |
| Comments: | |
| Attachment(s): | Response to 1Q 2017 LG HMO VT Objection #1.pdf |
| Item Status: | |
| Status Date: | |

| | |
|--------------------------|--|
| Satisfied - Item: | Response to Objection Letter #2 |
| Comments: | |
| Attachment(s): | Response to 1Q 2017 LG HMO VT Objection #2.pdf |
| Item Status: | |
| Status Date: | |

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Plan, Inc.

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS

Product Name:

VT LG HMO Filing 2017

Project Name/Number:

/

Attachment VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) GMCB DECISION SERFF.xlsx is not a PDF document and cannot be reproduced here.



ACTUARIAL MEMORANDUM

1Q – 4Q 2017 Large Group AR44 Manual Rate, Formula and Addendum Filing

Purpose of Filing

The purpose of this filing is to demonstrate the development of manual rates in support of MVP Health Plan's (MVP) Large Group AR44 product portfolio and seek approval of the manual rates, formula and factors used to develop group specific premium rates. The manual rates and rating factors included in this filing are for group effective dates between 1/1/2017 and 12/31/2017. The rates are effective for 12 months. This rate filing has been prepared to satisfy the requirements of 8 V.S.A § 5104 and is not intended to be used for other purposes.

Scope of Filing

As of June 2016, there were 0 members enrolled in Large Group AR44 plans. MVP is filing rates for this block in the event that an employer group requests one of the products offered within this filing. MVP is proposing quarterly manual rate increases equal to the paid medical and pharmacy combined trend, which equals 1.1% per quarter.

Development of Manual Rate Increase

Large group AR44 claims incurred between May 2015 and April 2016, paid through June 2016 represents MVP's experience period data. There were two groups active in the experience period with a combined 1,727 member months, both of which exited their products in January 2016. Consistent with MVP's LG Vermont AR42 filing, we have excluded groups that were projected to move to small group plans upon renewal and groups that are not currently active with MVP, making the actual member months used in the filing 1,399 (one group has stayed with MVP but on its AR42 line of business).

Exhibit 3a demonstrates the development of the proposed 1st quarter manual rate action. Because there were only 1,399 member months in the experience period, the block of business is not credible for rate setting and is expected to produce volatile medical loss ratios. To arrive at a rate increase, MVP is proposing to increase the approved 4th quarter 2016 manual rates by one quarter of projected trend.

Also included with this filing is Exhibit 3b which illustrates the proposed quarterly rate change for 2Q – 4Q 2017. The claim projection on this tab reflects the same experience period data as was shown on Exhibit 3a projected one more quarter to 2Q 2017. The change in the claim projection equals one quarter of paid trend. Similar increases are applied to 3Q and 4Q enrollments, reflecting the appropriate amount of quarters removed from the last approved rates (4Q 2016).

Medical Trend Factors

The development of annual medical paid claim trend factors for 1Q 2017 is illustrated in Exhibit 2a. Consistent with recently submitted filings, MVP is applying 0% utilization trend to its data. Regression analysis has been performed on MVP's utilization data, and it was concluded that the predictive ability of the historical utilization trends was weak and not reliable. The assumed unit cost trends reflect known and assumed price increases from MVP's provider network. MVP has not changed the unit cost trends from the 2017 VT Exchange filing, and 2018 trends are assumed to be equal to 2017 trends for purposes of calculating the 2Q – 4Q 2017 manual rates.

In addition to the medical cost inflation rate assumed from the historical experience period to the rating period, an adjustment is needed to reflect the impact of cost share leveraging on the carrier's share of the medical cost. Leveraging is a result of the fixed nature of deductibles and copays in health benefit plans. When there are fixed member deductibles and copays, the carrier bears a greater portion of the cost of medical inflation. Therefore, an additional factor adjustment is made to the trend assumption to capture this cost.

Also included in this filing is a paid trend development exhibit representing 2Q 2017. Please see Exhibit 2c which is identical to Exhibit 2a except there is one more quarter of trend reflected in the calculation.

Rx Trend Factors

Annual Rx trend factors split by generic, brand and specialty drugs are illustrated in Exhibit 2a. These trend factors were supplied by MVP's pharmacy benefit manager (PBM) and reflect their best estimate of expected changes to pharmacy costs and drug utilization, given MVP's data as a starting point. Supporting documentation illustrating how the Rx trends shown on Exhibit 2a were converted to paid trends for 1Q 2017 can be found in Exhibit 2b.

MVP has revised its trend forecasts from the previous version of this filing to incorporate MVP's data into the PBM's projections. The PBM has provided trends for 2016 and 2017, and MVP is assuming that 2018 trends will be equal to 2017 trends. The trend forecast provided by MVP's PBM accounts for drugs coming off patent, changes in average wholesale price, new drugs being released to the market, and price competitiveness amongst generic and brand drug manufacturers. Because the Rx market is constantly changing and the items listed above are not reflected in historical trends, MVP does not feel that historical Rx trends have relevance for projecting future increases in Rx costs. The recent and continued explosion of high cost specialty drugs is causing significant increases in expected Rx costs. Please see the following tables which display MVP's pharmacy trends in this filing and the previous version of this filing.

| Rx Trends Used in 3Q 2016 MVP VT Large Group Filing | | | | |
|--|------------|-------------|------------|-------------|
| | 2016 Trend | | 2017 Trend | |
| | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | 3.0% | 2.2% | 3.0% | 2.2% |
| Brand | 13.5% | -4.4% | 13.5% | -4.4% |
| Specialty | 12.0% | 6.0% | 12.0% | 6.0% |

| Rx Trends Used in 1Q 2017 MVP VT Large Group Filing | | | | |
|--|------------|-------------|------------|-------------|
| | 2016 Trend | | 2017 Trend | |
| | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | -11.2% | 3.4% | -2.7% | 3.2% |
| Brand | 15.8% | -5.2% | 17.1% | -2.2% |
| Specialty | 8.2% | 9.5% | 9.1% | 8.1% |

Please note that the pharmacy rebate factor in the Large Group Addendum has been updated to 0.87 from 0.91 in the previous filing. This has been updated to more closely align with our projected rebates for the rating period as a percentage of the projected paid claims.

Also included in this filing is a paid trend development exhibit for 2Q 2017. Please see Exhibit 2d which is identical to Exhibit 2b except there is one more quarter of trend reflected in the calculation.

Retention Expenses

Retention expenses are outlined in the attached Addendum. The table below represents MVP's Large Group administrative expenses as filed in the Supplemental Health Care Exhibit over the past four years:

| Administrative Expense Summary - Data Taken from Supplemental Health Care Exhibit | | | | |
|--|---------------|--------------|------------|---------------------|
| VT Large Group - AR42 & AR44 | | | | |
| | Member Months | Premium PMPM | Admin PMPM | Admin Expense Ratio |
| 2012 | 136,049 | \$335.21 | \$33.62 | 10.0% |
| 2013 | 118,563 | \$363.04 | \$39.18 | 10.8% |
| 2014 | 97,084 | \$404.11 | \$38.31 | 9.5% |
| 2015 | 68,766 | \$432.06 | \$34.13 | 7.9% |

Admin PMPM reflects the following lines from Part I of the SHCE: 6.6, 8.3, 10.1, and 10.4

MVP is proposing to increase the administrative charge from 8.0% of premium in 2016 to 9.7% of premium in 2017 to be consistent with its large group AR42 filing.

Changes have been made to the following retention items since the 3Q 2016 filing:

- Covered Lives Assessment: The 2017 covered lives assessment has not been finalized by New York State as of the filing date. MVP has assumed a 5% increase in the assessment for 2017, and the addendum has been updated to reflect these amounts.
- Health Care Advocate Assessment: Recent legislation has been proposed which will assess carriers and hospitals to fund the Health Care Advocate. The total assessment equals \$510,000 with 24.2%, or \$123,420, of it being funded by health insurance companies licensed under 8 V.S.A. Chapter 101. The assessment will be allocated amongst carriers under this license based on earned premium. MVP reviewed the earned premium reported on the 2015 Supplemental Health Care Exhibits for carriers under this license and estimates that MVP will be responsible for 56.7% of the assessment, or approximately \$70,000. Based on MVP's March 2016 total commercial enrollment in the State of Vermont, \$0.49 PMPM is being added to the proposed premium rates for this assessment.

The following taxes/assessments are included in the attached Addendum:

ACA Insurer Tax

Beginning in 2014, carriers will be taxed based on earned premium. MVP estimates its liability will be 0.0% of premium in 2017 and 2.0% of premium in 2018.

VT Paid Claim Tax

The State of Vermont charges a 0.999% tax on paid claims.

Comparative Effectiveness Research Fee

A prescribed Federal fee equal to \$0.20 PMPM to fund the Federal Research Fund. This is an increase of \$0.03 from the prior filing to reflect an increase in the tax, which is indexed to inflation in National Health Expenditures.

VT Vaccine Pilot

This is a Vermont state assessment based on plan premiums which is used to fund immunizations provided by the state.

Health Care Advocate Assessment

Please see above for a detailed description. This will equal \$0.49 PMPM for 2017 and it is assumed not to increase in 2018.

Please note that while MVP is currently submitting manual rates for all four quarters of 2017, we may review and propose to change any of the above retention expenses when we propose to change our 3Q/4Q 2017 manual rates for our LG AR42 business (to ensure consistency among both companies).

Loss Ratio Information

The traditional target loss ratio (claims cost / premium) for the rates proposed in this rate filing is 83.4%. After making adjustments for taxes/assessments and expenses associated with quality improvements, the Federal target loss ratio for the rates proposed in this filing is 84.9%. Please see the table below for more detail:

| Target Loss Ratio for LG AR44 in 1Q 2017 | |
|--|------------------|
| | Large Group AR44 |
| A) Claims Expense | \$559.44 |
| B) Taxes/Assessments | \$3.97 |
| C) Quality Improvement | \$6.51 |
| D) Premium | \$670.81 |
| E) Traditional Loss Ratio = A) / D) | 83.4% |
| F) Federal Loss Ratio = [A) + C)] / [D) - B)] | 84.9% |

Actuarial Certification

I, Eric Bachner, am an Associate of the Society of Actuaries. I have examined the assumptions and methods used in determining MVP's requested rates. Based on my review and examination, it is my opinion that the proposed premium rates are reasonable in relation to the benefits provided and that they are not excessive, inadequate, nor unfairly discriminatory. This rate filing conforms to the applicable Standards of Practice as promulgated by the Actuarial Standards Board.



Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care

09/06/2016
Date

MVP Health Care - Large Group Experience Rating Formula

| | | | | |
|--|--|-----------------|----------------------|------------------------------|
| I. Case Information | | | | |
| Group Name: | <input type="text"/> | Date: | <input type="text"/> | |
| Group #: | <input type="text"/> | Effective Date: | <input type="text"/> | |
| Marketing Rep: | <input type="text"/> | | | |
| Underwriter: | <input type="text"/> | | | |
| II. Manual Pure Premium Calculation | | | | |
| | Medical w/ Non-Pharmacy Riders | | | Pharmacy |
| 1 - Manual Pure Premium | Addendum Value | | | Addendum Value |
| 2 - Industry Factor | Addendum Value | | | Addendum Value |
| 3 - Demographic Factor | Addendum Value | | | Addendum Value |
| 4 - Manual Group Risk Assessment | Addendum Value | | | Addendum Value |
| 5 - HRA/HSA Funding Load Factor | Addendum Value | | | Addendum Value |
| 6 - Adjusted Manual Pure Premium | 1 x 2 x 3 x 4 x 5 | | | 1 x 2 x 3 x 4 x 5 |
| | | | | Total PMPM |
| III. Experience Pure Premium Calculation | | | | |
| Experience Period Start Date | Input | | | Input |
| Experience Period End Date | Input | | | Input |
| Paid Through Date | Input | | | Input |
| Midpoint of Experience Period | Input | | | Input |
| Product Reflected in Experience | Input | | | Input |
| Product in the Rate Quote | Input | | | Input |
| Member Months | Input | | | Input |
| Out-of-Area Subscribers | Input | | | n/a |
| Claims Information | | | | |
| 1 - Date of Service Paid Claims | Input | | | Input |
| 2 - Composite Completion Factor Adjustment | Input | | | Input |
| 3 - Incurred Claims | 1x2 | | | 1x2 |
| 4 - Other non fee for service medical expenses | Input | | | n/a |
| 5 - Pooling Level (PL) | Addendum Value | | | Addendum Value |
| 6 - Actual Large Claims (Excess Over PL) | Input | | | Input |
| 7 - Pharmacy Rebate Factor | n/a | | | Addendum Value |
| 8 - Incurred Claims Less Large Claims | 3+4-6 | | | (3 - 6) * 7 |
| 9 - Trend Factor to MP of Projection Period | Addendum Value | | | Addendum Value |
| 10 - Trended Net Claims | 8x9 | | | 8x9 |
| 11 - Trended pmpm Net Claims | 10 / membermonths | | | 10 / membermonths |
| Experience Adjustments | | | | |
| 12 - Demographic Adjustment (Carrier Replacement Only) | Addendum Value | | | Addendum Value |
| 13 - Prior Period Adjustment, if applicable | Value from Exhibit B | | | Value from Exhibit B |
| 14 - Network Adjustment Factor | Addendum Value | | | n/a |
| 15 - Benefit Adjustment | Addendum Value | | | Addendum Value |
| 16 - Pooling Charge % | Addendum Value | | | Addendum Value |
| 17 - Adjusted pmpm Net Claims | product(11 thru 15) x (1+16) | | | product(11 thru 15) x (1+16) |
| 18 - Covered Lives Assessment | Addendum Value | | | n/a |
| 19 - Indigent Care | Addendum Value | | | n/a |
| 20 - Experience Pure Premium | 17 + 18 + 19 | | | 17 |
| IV. Employer Specific Premium Rates | | | | |
| Total | | | | |
| Blending the Manual Pure Premium and Experience | | | | |
| 1 - Adjusted Manual Pure Premium | 6 From Section II | | | |
| 2 - Capped Manual Pure Premium | If group has over 100 enrolled subscribers and adjusted manual premium is +/- 15% or more of the Experience Pure Premium, cap adjusted manual rate at Experience Pure premium * 1.15 or Experience Pure Premium *.85, respectively. Otherwise, equal to Adjusted Manual Pure Premium | | | |
| 3 - Experience Pure Premium | 20 From Section III | | | |
| 4 - Experience Credibility Weight | Addendum Value | | | |
| 5 - Blended Pure Premium | 3x4 + 2x(100%-4) | | | |
| 6 - Group Risk Assessment Factor | Addendum Value | | | |
| 7 - New Business Discount | Addendum Value | | | |
| 8 - Retrospective Financial Underwriting Factor | Addendum Value | | | |
| 9 - Network Access Fee | Addendum Value | | | |
| 10 - Retention Charges excluding Premium Tax | Addendum Value | | | |
| 11 - Premium Taxes | Addendum Value | | | |
| 12 - Group Required Pure Premium | 5x6x7x8+9+10+11 | | | |
| Premium Rate Development | | | | |
| | <u>Single</u> | <u>EE/SP</u> | <u>EE/Ch(ren)</u> | <u>Family</u> |
| 13 - Employer Specific Loading Factors | Based on the Group's specific rate ratios/census | | | |
| 14 - Final Premium Rates | 12 x 13 | 12 x 13 | 12 x 13 | 12 x 13 |
| V. Minimum Premium Funding | | | | |
| | <u>Single</u> | <u>EE/SP</u> | <u>EE/Ch(ren)</u> | <u>Family</u> |
| 1 - Final Premium Rates | From Section IV, line 14 | | | |
| 2 - Retention Rate | From Section IV., lines 10 + 11 x Employer Specific Loading Factors | | | |
| 3 - Claims Liability Rate | 1-2 | | | |
| 4 - Claims Fluctuation Margin | Addendum Value | | | |
| 5 - Maximum Monthly Premium Liability | 3X4 | | | |

MVP Health Care - Large Group Experience Rating Formula - Two Periods of Experience calculation

| | | | |
|----------------|------------------------------------|-----------------|------------------------------------|
| Group Name: | <input type="text" value="Input"/> | Date: | <input type="text" value="Input"/> |
| Group #: | <input type="text" value="Input"/> | Effective Date: | <input type="text" value="Input"/> |
| Marketing Rep: | <input type="text" value="Input"/> | | |
| Underwriter: | <input type="text" value="Input"/> | | |

| | Medical Claims | | Pharmacy Claims | |
|--|--|-------------------------------------|--|-------------------------------------|
| | Period 1 | Period 2 | Period 1 | Period 2 |
| Experience Pure Premium Calculation | | | | |
| Experience Period Start Date | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Experience Period End Date | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Paid Through Date | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Midpoint of Experience Period | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Product Reflected in Experience | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Product in the Rate Quote | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Member Months | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| Claims Information | | | | |
| 1 - Date of Service Paid Claims | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| 2 - Composite Completion Factor Adjustment | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| 3 - Incurred Claims | <i>1x2</i> | <i>1x2</i> | <i>1x2</i> | <i>1x2</i> |
| 4 - Other non fee for service medical expenses | <i>Input</i> | <i>Input</i> | <i>n/a</i> | <i>n/a</i> |
| 5 - Pooling Level (PL) | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| 6 - Actual Large Claims (Excess Over PL) | <i>Input</i> | <i>Input</i> | <i>Input</i> | <i>Input</i> |
| 7 - Pharmacy Rebate Factor | <i>n/a</i> | <i>n/a</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| 8 - Incurred Claims Less Large Claims | <i>3+4-6</i> | <i>3+4-6</i> | <i>(3 - 6) * 7</i> | <i>(3 - 6) * 7</i> |
| 9 - Trend Factor to MP of Projection Period | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| 10 - Regional Trend Adjustment Factor | <i>Addendum Value</i> | <i>n/a</i> | <i>Addendum Value</i> | <i>n/a</i> |
| 11 - Trended Net Claims | <i>8x9x10</i> | <i>8x9x10</i> | <i>8x9x10</i> | <i>8x9x10</i> |
| 12 - Trended pmpm Net Claims | <i>11 / membermonths</i> | <i>11 / membermonths</i> | <i>11 / membermonths</i> | <i>11 / membermonths</i> |
| Experience Adjustments | | | | |
| 13 - Demographic Adjustment (Carrier Replacement Only) | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| 14 - Network Adjustment Factor | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| 15 - Benefit Adjustment | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| 16 - Pooling Charge % | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>n/a</i> | <i>n/a</i> |
| 17 - Adjusted pmpm Net Claims | <i>product(12 thru 15) x (1+16)</i> | <i>product(12 thru 15) x (1+16)</i> | <i>product(12 thru 15) x (1+16)</i> | <i>product(12 thru 15) x (1+16)</i> |
| Period Weight | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> | <i>Addendum Value</i> |
| Prior Period Adjustment Factor | <i>P1 and P2 Weighted Average line 17 / P1 line 17</i> | | <i>P1 and P2 Weighted Average line 17 / P1 line 17</i> | |



MVP Health Care, Inc.

Article 42 and AR44 Experience Rating Formula

EPO, PPO, and HMO Products

For Large Employer Groups

(100+ Employees as defined by regulation)

Effective 01/01/16

INTRODUCTION

MVP Health Insurance Company and MVP Health Plan, Inc. (“MVP”) market Experience Rated EPO, PPO, and HMO products to large employer groups as defined per Vermont regulation. Prospective experience rating and Retrospective experience rating methods are offered. In addition, a Minimum Premium Funding arrangement is available via a rider.

MVP’s large group rating formula has three parts. Part 1 develops a group specific manual pure premium. Part 2 develops a pure premium based on the group’s actual claims experience. Part 3 blends the two using credibility factors and then develops the group’s premium rates. The attached Exhibits A and B illustrate the calculation from start to finish and this document provides a description of each component. The actual factors used in the calculation are contained in a separate Experience Rating Addendum filing.

The addendum filing and the factors contained within will be reviewed and adjusted annually or as necessary. Whenever possible, the rating factors will be developed using MVP historical experience and will be normalized to MVP’s population.

II: MANUAL PURE PREMIUM (part 1)

Part 1 of the formula is the calculation of the group specific Manual Pure Premium (the Adjusted Manual Pure Premium).

1. ***Manual Pure Premium*** – The Manual Pure Premium rate table can be found in the Experience Rating Addendum. These rates reflect the expected claim cost for the book of business for each benefit offering for the rating period.
2. ***Industry Factor*** – A factor to adjust for the group’s specific industry. The industry factor table can be found in the Experience Rating Addendum.
3. ***Demographic Factor*** – A factor to adjust for the group’s specific demographic makeup. For the purpose of calculating the demographic adjustment factor, any employees or retirees who have Medicare as their primary coverage are excluded from the census. The demographic tables can be found in the Experience Rating Addendum.
4. ***Manual Group Risk Assessment Factor*** - Rating factors to reflect specific characteristics of the group. See the Experience Rating Addendum for the applicable factors.
5. ***HRA/HSA Funding Load Factor*** – The additional risk charge applies when a group funds a plan deductible. The charge is intended to account for the anticipated

increase in utilization of services due to the resulting ‘first dollar’ coverage provided. See the Experience Rating Addendum for the applicable factors.

6. ***Adjusted Manual Pure Premium*** - The product of 1 through 5 above. This is the starting basis for the non-credible portion of the group’s premium calculation.

III:EXPERIENCE PURE PREMIUM (part 2)

For existing MVP groups, historical paid claim experience will be used. The underwriter will typically use the most recent 12 months of data with 2 months run-off. There may be instances where more or less data is available. It will be reviewed to determine appropriateness and credibility.

For groups new to MVP, historical paid claim information will be used if it is determined to be credible and appropriate. The data will be adjusted whenever possible to reflect differences in products and benefits being quoted and for differences in provider contracting and medical management. Any adjustments to the data will be documented in the group’s rating file. If MVP is not satisfied with the historical paid claim data received, the Adjusted Manual Pure Premium will be used for the first policy year.

PRIMARY INPUTS

- Experience Period Start Date – The first date of the experience data, based on date of service.
- Experience Period End Date – The last date of the experience data, based on the date of service.
- Paid Through Date – The date the claims in the experience period are paid through. This is used to determine the appropriate IBNR completion factor to adjust claims.
- Midpoint of the Experience Period – Middle date of the period start date and the period end date

Product Reflected in the experience – The product previously offered and reflected in the experience. For MVP renewal groups, the benefits are known in detail. For new groups, MVP may have limited benefit detail. When applicable, adjustments to claim information will be determined based on this information.

Product in the rate quote – The product and benefits being quoted. All products quoted will have rates on file with the State of Vermont.

Member Months – The member months for the experience period.

Out-of-Area Subscribers – The number of subscribers who are living outside of the MVP service areas.

CLAIM INFORMATION

1. ***Date of Service Paid Claims*** – The total claims paid for claims incurred in the experience period prior to adjusting for large claims and incurred but not reported claims.
2. ***Composite Completion Factor Adjustment*** – The factor used to complete paid claims. The completion factor depends on the length of the experience period and the number of months paid after the end of the experience period (or “claims runoff”). Factors are often applied during the data reporting and may also be included in #1 in an actual group calculation.
3. ***Incurred Claims*** - The projected total incurred claim cost for the group, adjusted for unpaid claims.
4. ***Other non Fee for Service medical expenses*** – The medical expenses associated with items like Capitation arrangements, Wellness Reward programs and Provider Incentive programs.
5. ***Pooling Level*** – The pooling level (attachment point) for the group. (See Experience Rating Addendum for details). Medical and Pharmacy claims will be included in the pooling calculation.
6. ***Actual Large Claims (excess over pooling level)*** – The claim amount in excess of the attachment point for all applicable claims in the experience period.
7. ***Pharmacy Rebate Factor*** – A factor to reflect pharmacy rebates received from MVP’s Pharmacy Benefit Manager. This represents an average percentage adjustment for MVP’s Rx community pool and is only applied to Rx costs. See Experience Rating Addendum for details.
8. ***Incurred Claims less Large Claims*** – The total Incurred Claims less the Large Claims.
9. ***Trend factor to midpoint of Projection Period*** – The trend rate based on the start and end date of the experience period and the renewal rating period. See the Experience Rating Addendum for trend factors.
10. ***Trended Net Claims*** – The Incurred Claims less Large Claims multiplied by the trend factor.
11. ***Trended PMPM Net Claims*** – The Trended Net Claims divided by the member month exposure for the experience period.

EXPERIENCE ADJUSTMENTS

12. **Demographic Factor (Carrier Replacement Only)** – In the event MVP is requested to provide an experience rate for the entire group, a demographic adjustment may be warranted. If MVP is offered on a slice basis and the quote is for full carrier replacement, MVP may adjust their own experience to reflect the demographics of the entire group. If claims experience is obtained for the rest of the group then that will be used instead. See the Experience Rating Addendum for the demographic factors.
13. **Prior Period Adjustment Factor** – In most cases, the underwriter will be looking at the most recent 12 months of a group's experience with 2 months of runoff. However, there may be instances where the underwriter will look at another claim period for the group and combine it with the most recent experience period. An example of this may be if a group had an unusually high number of large claims in the current period, the underwriter could look at the prior period to evaluate the large claim history. In the event the prior period history is very different, the underwriter could dampen the impact of the extraordinary large claims by blending the two periods together.

The calculation of this adjustment factor is shown in the attached Exhibit B. The calculation of the Adjusted PMPM Net Claim amount is done in the same manner as in Exhibit A for the current experience period (Period 1) and is repeated for the prior experience period as well (Period 2). A weighted average of the two is then computed based on Period Weights assumed by the underwriter. The average PMPM is divided by the Period 1 PMPM to derive the Period Period Adjustment Factor.

The Period weight is the amount of weight given to each period. See the Experience Rating Addendum for details.

14. **Network Adjustment Factor** – An adjustment to reflect differences in network providers, contractual provider reimbursement rates, gatekeeper vs. no gatekeeper, and referral vs. open access between the experience period data and the product being quoted. The calculation of any adjustment to the paid claims will be documented in the group file. See Experience Rating Addendum for details.
15. **Benefit Adjustment** – An adjustment to reflect material differences between the benefits inherent in the groups historical paid claim experience and the benefits being proposed in the quote. The factor will be calculated and applied separately to the Medical vs. the Prescription Drug claims. The calculation of any adjustment to the paid claims will be documented in the group file. See Experience Rating Addendum for details.

16. ***Pooling Charge %*** - The load applicable to the pooling level selected. See Experience Rating Addendum for details.
17. ***Adjusted PMPM Net Claims*** – The net incurred claims after applying the experience adjustments.
18. ***Covered Lives Assessment (CLA)*** – The amount paid for the Covered Lives Assessment. See the Experience Rating Addendum for detail.
19. ***Indigent Care*** – The amount paid to the State Public Goods Pool. This does not apply to Rx claims. See Experience Rating Addendum for detail.
20. ***Experience Pure Premium*** – Equal to the Adjusted PMPM Net Claims multiplied by the Prior Period Adjustment Factor, if applicable plus the PMPM CLA and Indigent Care expenses.

IV: EMPLOYER SPECIFIC PREMIUM RATES (part 3)

The results of Sections II and III above are blended together using credibility factors to determine the blended pure premium. Final adjustments, explained below, are then applied to arrive at the premium for the group. The premiums for the group's specific tier structure being quoted are then derived from this.

BLENDING OF EXPERIENCE PURE PREMIUM AND ADJUSTED MANUAL PURE PREMIUM

1. ***Adjusted Manual Pure Premium*** –Section II, line 6
2. ***Capped Manual Pure Premium*** – for accounts with over 100 subscribers and sufficient claims data, to calculate an Experience Pure Premium a manual rate cap may apply. When the Adjusted Manual Pure Premium is greater than 115% or less than 85% of the Experience Pure Premium, the Adjusted Manual Rate will be capped at 115% and 85%, respectively, of the Experience Pure Premium. If the group has less than 100 subscribers or the Adjusted Manual Pure Premium is within +/-15% of the Experience Pure Premium, the Capped Manual Pure Premium will be equal to the Adjusted Manual Pure Premium.
3. ***Experience Pure Premium*** –Section III, line 20
4. ***Experience Credibility Weight*** – The weight assigned to the Experience Pure Premium based on the member months from the experience period. See the Experience Rate Addendum for the applicable credibility table.
5. ***Blended Pure Premium*** – The weighted average of the Capped Manual Pure Premium and the Experience Pure Premium based on the credibility assigned to the group.

6. **Group Risk Assessment Factor** – Rating factors to reflect specific characteristics of the group. See the Experience Rating Addendum.
7. **New Business Discount Factor** – See the Experience Rate Addendum for details.
8. **Retrospective Financial Underwriting Factor** – The additional risk charge applied when the group is retrospectively experience rating. See the Experience Rating Addendum for the applicable factors.
9. **Network Access Fee** – In the event the group has members who live outside of MVP’s service area, MVP’s rental network assesses an out-of-network access fee. The access fee is charged per OOA subscriber and then translated into a PMPM fee based on the group’s total membership. See the Experience Rating Addendum for the network access fee.
10. **Retention Excluding Premium Tax** – The expense loads added to pure premium to cover general administrative fees, bad debt, risk charges, broker fees, net reinsurance, etc. See Experience Rating Addendum for details.
11. **Premium Tax** – The amount of premium tax. It is a percentage of premium and shown as a PMPM value. See Experience Rating Addendum for details.
12. **Group Required Pure Premium** – $(5 \times 6 \times 7 \times 8) + 9 + 10 + 11$

PREMIUM RATE DEVELOPMENT

13. Employer Specific Loading Factor – Converts the Group Specific Pure Premium to Single, Double, Parent/Child(ren), and Family premiums. A group can choose a two-tier, three-tier, or four-tier billing structure. A group specific Step-Up Factor is calculated using the group census and the group’s desired load ratios.

If MVP doesn’t have credible census information for the group the premium conversion factors from an MVP community rate filing will be used.

14. **Final Premium Rates** – 12 x 13. When more than one plan is offered to an employer, the rates for each plan are developed in a consistent manner as described here. In the case where the employer’s own claim’s experience is being used to develop the premium rates, the actual claims are allocated back to the individual products based on the expected cost of each benefit plan.

Renewal Rate Cap Guarantee – A maximum renewal increase (cap) may be offered to select employer groups at point of sale for a new group or upon renewal for an existing group. If a cap is offered, the group’s next renewal premium derived via this formula will be constrained by the maximum agreed upon renewal increase. A cap will be considered only for groups with a minimum of 100 enrolled subscribers and where MVP is the only carrier offering health insurance to the group. The group

must have 2 years of claim history available for review in the rate setting, regardless of whether it is a new or existing case and there are no ongoing large claimants. Groups that meet these selection criteria will be considered on a case by case basis for the cap offer. Not every group that meets these criteria will be offered a renewal increase cap. The maximum renewal increase offered will be at least equal to the projected trend rate used in the rate setting plus some margin. The amount of the margin will depend on the risk characteristics of the group.

V: RETROSPECTIVE EXPERIENCE RATE ACCOUNTING

MVP offers two options for Retrospective Accounting:

- 1) underwriting gains and losses are shared with the group
- 2) only underwriting gains are shared with the group

All retrospectively rated groups will pay a risk charge above the standard retention expenses associated with prospectively rated groups. This risk charge is outlined in the Experience Rating Addendum filed under separate cover and updated annually.

The Underwriting gain or loss for each retrospectively rated large group is determined annually using the prior policy years' incurred claim expense and 3 months of paid claim run out plus an additional amount for assumed IBNR claims.

To determine if the group is in a gain or loss position the actual premium collected over the policy year is compared to the actual incurred claims (including an estimate for IBNR) plus the PMPM fee for service medical claim expenses and non claim expenses from the group's premium rate development for that policy year. The actual incurred claims used will be net of any individual member claims over the pooling point purchased by the group for that policy year.

The group is in a gain position if the actual premium collected is greater than the sum of the estimated total incurred claims, the non fee for service medical expenses and the non claim expenses. If not, the group is in a loss position. Underwriting gains, or a portion of, are returned to the group. Underwriting losses, depending on the group contract, will either be the groups or MVP's responsibility.

VII: MINIMUM PREMIUM FUNDING ARRANGEMENT

An employer group can use Minimum Premium Funding by attaching a Minimum Premium Funding Arrangement (MPFA) rider to the group contract. MVP will utilize the large group formula to establish the Claims Liability Rate and other items in the MPFA rider. Exhibit A, attached, Section V. shows the calculations necessary to complete the MPFA rider.

1. ***Final Premium Rates*** – The final rates as determined using the MVP Large Group formula.
2. ***Retention Rate*** – The amount of retention included in the Final Premium Rates. The group is billed separately for retention charges.
3. ***Claims Liability Rate (CLR)*** – Line 1 minus Line 2, or the premium rates without retention.
4. ***Claims Fluctuation Margin*** - Addendum value. Also sometimes referred to as the Minimum Premium “Risk Corridor”, the amount of risk over the claims projection to be absorbed by the employer group. The amount of risk assumption will vary by group size and risk characteristics of the group.
5. ***Maximum Monthly Premium Liability (MPL)*** – Line 3 x Line 4 x the number of subscribers in each premium tier for the month. The MPL will be used to determine any monthly gain or loss by comparing against actual claims in the month. Over the contract period, the cumulative gain or loss is determined by comparing the cumulative MPT to the cumulative actual claims paid. Settlements of gains and losses will be described in the MPFA rider language.

VIII: EARLY QUOTING CLAUSE

Large Employers often require firm rate proposals 7-9 months in advance of the renewal effective date due to the effort required to coordinate renewals from multiple carriers and prepare open enrollment materials for their employees. It is usually the case that MVP does not yet have the next calendar year addendum values finalized and ready to quote and file this far in advance.

Upon request, for accounts with at least 2,000 total employees, MVP will develop the group’s premium rates based on the current formula and addendum values. Once MVP finalizes the next calendar year addendum factors and formula, all rates calculated thereafter will be based on the updated formula and addendum.

CERTIFICATION

I believe the rating formula described herein is consistent with industry norms, follows sound actuarial and underwriting principals and the rating factors used and documented in the Experience Rating Addendum are reasonable relative to MVP’s book of business and industry norms.

I have reviewed the provisions of Vermont Insurance Law. It is my opinion that this rating formula complies with the requirements of those provisions.



Matthew Lombardo, FSA, MAAA

July 23, 2015

Date

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|---|--------|
| SIC | SIC Description | SIC Fx |
| 111 | Wheat | 0.90 |
| 112 | Rice | 0.90 |
| 115 | Corn | 0.90 |
| 116 | Soybeans | 0.90 |
| 119 | Cash Grains, NEC | 0.90 |
| 131 | Cotton | 0.90 |
| 132 | Tobacco | 0.90 |
| 133 | Sugarcane and Sugar Beets | 0.90 |
| 134 | Irish Potatoes | 0.90 |
| 139 | Field Crops, Except Cash Grains, NEC | 0.90 |
| 161 | Vegetables and Melons | 0.90 |
| 171 | Berry Crops | 0.90 |
| 172 | Grapes | 0.90 |
| 173 | Tree Nuts | 0.90 |
| 174 | Citrus Fruits | 0.90 |
| 175 | Deciduous Tree Fruits | 0.90 |
| 179 | Fruits and Tree Nuts, NEC | 0.90 |
| 181 | Ornamental Floriculture and Nursery Products | 0.90 |
| 182 | Food Crops Grown Under Cover | 0.90 |
| 191 | General Farms, Primarily Crop | 0.90 |
| 211 | Beef Cattle Feedlots | 0.95 |
| 212 | Beef Cattle, Except Feedlots | 0.95 |
| 213 | Hogs | 0.95 |
| 214 | Sheep and Goats | 0.95 |
| 219 | General Livestock, Except Dairy and Poultry | 1.00 |
| 241 | Dairy Farms | 1.00 |
| 251 | Broiler, Fryers, and Roaster Chickens | 0.95 |
| 252 | Chicken Eggs | 0.95 |
| 253 | Turkey and Turkey Eggs | 0.95 |
| 254 | Poultry Hatcheries | 0.95 |
| 259 | Poultry and Eggs, NEC | 0.95 |
| 271 | Fur-Bearing Animals and Rabbits | 0.95 |
| 272 | Horses and Other Equines | 0.95 |
| 273 | Animal Aquaculture | 0.95 |
| 279 | Animal Specialities, NEC | 0.95 |
| 291 | General Farms, Primarily Livestock and Animal Specialties | 1.00 |
| 711 | Soil Preparation Services | 0.95 |
| 721 | Crop Planting, Cultivating, and Protecting | 0.95 |
| 722 | Crop Harvesting, Primarily by Machine | 0.95 |
| 723 | Crop Preparation Services For Market, except Cotton Ginning | 0.95 |
| 724 | Cotton Ginning | 0.95 |
| 741 | Veterinary Services For Livestock | 0.95 |
| 742 | Veterinary Services for Animal Specialties | 0.95 |
| 751 | Livestock Services, Except Veterinary | 1.00 |
| 752 | Animal Specialty Services, Except Veterinary | 0.95 |
| 761 | Farm Labor Contractors and Crew Leaders | 0.95 |
| 762 | Farm Management Services | 0.95 |
| 781 | Landscape Counseling and Planning | 0.90 |
| 782 | Lawn and Garden Services | 1.10 |
| 783 | Ornamental Shrub and Tree Services | 1.10 |
| 811 | Timber Tracts | 0.90 |
| 831 | Forest Nurseries and Gathering of Forest Products | 0.90 |
| 851 | Forestry Services | 0.95 |
| 912 | Finfish | 1.05 |
| 913 | Shellfish | 1.05 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|--|--------|
| SIC | SIC Description | SIC Fx |
| 919 | Miscellaneous Marine Products | 0.95 |
| 921 | Fish Hatcheries and Preserves | 0.95 |
| 971 | Hunting and Trapping, and Game Propagation | 0.95 |
| 1011 | Iron Ores | 1.15 |
| 1021 | Copper Ores | 1.15 |
| 1031 | Lead and Zinc Ores | 1.15 |
| 1041 | Gold Ores | 1.15 |
| 1044 | Silver Ores | 1.15 |
| 1061 | Ferroalloy Ores, Except Vanadium | 1.15 |
| 1081 | Metal Mining Services | 1.05 |
| 1094 | Uranium-Radium-Vanadium Ores | 1.15 |
| 1099 | Miscellaneous Metal Ores, NEC | 1.15 |
| 1221 | Bituminous Coal and Lignite Surface Mining | 1.15 |
| 1222 | Bituminous Coal Underground Mining | 1.15 |
| 1231 | Anthracite Mining | 1.15 |
| 1241 | Coal Mining Services | 1.15 |
| 1311 | Crude Petroleum and Natural Gas | 1.05 |
| 1321 | Natural Gas Liquids | 1.05 |
| 1381 | Drilling Oil and Gas Wells | 1.05 |
| 1382 | Oil and Gas Field Exploration Services | 0.95 |
| 1389 | Oil and Gas Field Services, NEC | 1.05 |
| 1411 | Dimension Stone | 1.15 |
| 1422 | Crushed and Broken Limestone | 1.15 |
| 1423 | Crushed and Broken Granite | 1.15 |
| 1429 | Crushed and Broken Stone, NEC | 1.15 |
| 1442 | Construction Sand and Gravel | 1.15 |
| 1446 | Industrial Sand | 1.15 |
| 1455 | Kaolin and Ball Clay | 1.15 |
| 1459 | Clay, Ceramic, and Refractory Minerals, NEC | 1.15 |
| 1474 | Potash, Soda, and Borate Minerals | 1.15 |
| 1475 | Phosphate Rock | 1.15 |
| 1479 | Chemical and Fertilizer Mineral Mining, NEC | 1.15 |
| 1481 | Nonmetallic Minerals Services Except Fuels | 1.05 |
| 1499 | Miscellaneous Nonmetallic Minerals, Except Fuels | 1.15 |
| 1521 | General Contractors-Single-Family Houses | 0.95 |
| 1522 | General Contractors-Residential Buildings, Other Than Single-Family | 1.00 |
| 1531 | Operative Builders | 1.00 |
| 1541 | General Contractors-Industrial Buildings and Warehouses | 1.00 |
| 1542 | General Contractors-Nonresidential Buildings, Other than Industrial Buildings and Warehouses | 1.00 |
| 1611 | Highway and Street Construction, Except Elevated Highways | 1.00 |
| 1622 | Bridge, Tunnel, and Elevated Highway Construction | 1.00 |
| 1623 | Water, Sewer, Pipeline, and Communications and Power Line Construction | 1.00 |
| 1629 | Heavy Construction, NEC | 1.00 |
| 1711 | Plumbing, Heating, and Air-Conditioning | 1.00 |
| 1721 | Painting and Paper Hanging | 1.00 |
| 1731 | Electrical Work | 1.00 |
| 1741 | Masonry, Stone Setting, and Other Stone Work | 1.00 |
| 1742 | Plastering, Drywall, Acoustical, and Insulation Work | 1.00 |
| 1743 | Terrazzo, Tile, Marble, and Mosaic Work | 1.00 |
| 1751 | Carpentry Work | 1.00 |
| 1752 | Floor Laying and Other Floor Work, NEC | 1.00 |
| 1761 | Roofing, Siding, and Sheet Metal Work | 1.00 |
| 1771 | Concrete Work | 1.00 |
| 1781 | Water Well Drilling | 1.00 |
| 1791 | Structural Steel Erection | 1.00 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|---|---------------|
| SIC | SIC Description | SIC Fx |
| 1793 | Glass and Glazing Work | 1.00 |
| 1794 | Excavation Work | 1.00 |
| 1795 | Wrecking and Demolition Work | 1.00 |
| 1796 | Installation or Erection of Building Equipment, NEC | 1.00 |
| 1799 | Special Trade Contractors, NEC | 1.00 |
| 2011 | Meat Packing Plants | 1.05 |
| 2013 | Sausages and Other Prepared Meats | 1.05 |
| 2015 | Poultry Slaughtering and Processing | 1.00 |
| 2021 | Creamery Butter | 0.95 |
| 2022 | Natural, Processed, and Imitation Cheese | 0.95 |
| 2023 | Dry, Condensed, and Evaporated Dairy Products | 0.95 |
| 2024 | Ice Cream and Frozen Desserts | 0.95 |
| 2026 | Fluid Milk | 0.95 |
| 2032 | Canned Specialties | 0.95 |
| 2033 | Canned Fruits, Vegetables, Preserves, Jams, and Jellies | 0.95 |
| 2034 | Dried and Dehydrated Fruits, Vegetables, and Soup Mixes | 0.95 |
| 2035 | Pickled Fruits and Vegetables, Vegetable Sauces and Seasonings, and Salad Dressings | 0.95 |
| 2037 | Frozen Fruits, Fruit Juices, and Vegetables | 0.95 |
| 2038 | Frozen Specialties, NEC | 0.95 |
| 2041 | Flour and Other Grain Mill Products | 0.95 |
| 2043 | Cereal Breakfast Foods | 0.95 |
| 2044 | Rice Milling | 0.95 |
| 2045 | Prepared Flour Mixes and Doughs | 0.95 |
| 2046 | Wet Corn Milling | 0.95 |
| 2047 | Dog and Cat Food | 0.95 |
| 2048 | Prepared Feed and Feed Ingredients for Animals and Fowls, Except Dogs and Cats | 0.95 |
| 2051 | Bread and Other Bakery Products, Except Cookies and Crackers | 0.95 |
| 2052 | Cookies and Crackers | 0.95 |
| 2053 | Frozen Bakery Products, Except Bread | 0.95 |
| 2061 | Cane Sugar, Except Refining | 0.95 |
| 2062 | Cane Sugar Refining | 0.95 |
| 2063 | Beet Sugar | 0.95 |
| 2064 | Candy and Other Confectionery Products | 0.95 |
| 2066 | Chocolate and Cocoa Products | 0.95 |
| 2067 | Chewing Gum | 0.95 |
| 2068 | Salted and Roasted Nuts and Seeds | 0.95 |
| 2074 | Cottonseed Oil Mills | 0.95 |
| 2075 | Soybean Oil Mills | 0.95 |
| 2076 | Vegetable Oil Mills, Except Corn, Cottonseed, and Soybeans | 0.95 |
| 2077 | Animal and Marine Fats and Oils | 1.00 |
| 2079 | Shortening, Table Oils, Margarine, and Other Edible Fats and Oils, NEC | 0.95 |
| 2082 | Malt Beverages | 0.95 |
| 2083 | Malt | 0.95 |
| 2084 | Wines, Brandy, and Brandy Spirits | 0.95 |
| 2085 | Distilled and Blended Liquors | 0.95 |
| 2086 | Bottled and Canned Soft Drinks and Carbonated Waters | 0.95 |
| 2087 | Flavoring Extracts and Flavoring Syrups NEC | 0.95 |
| 2091 | Canned and Cured Fish and Seafood | 0.95 |
| 2092 | Prepared Fresh or Frozen Fish and Seafoods | 0.95 |
| 2095 | Roasted Coffee | 0.95 |
| 2096 | Potato Chips, Corn Chips, and Similar Snacks | 0.95 |
| 2097 | Manufactured Ice | 0.95 |
| 2098 | Macaroni, Spaghetti, Vermicelli, and Noodles | 0.95 |
| 2099 | Food Preparations, NEC | 0.95 |
| 2111 | Cigarettes | 1.05 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|--|---------------|
| SIC | SIC Description | SIC Fx |
| 2121 | Cigars | 1.05 |
| 2131 | Chewing and Smoking Tobacco and Snuff | 1.05 |
| 2141 | Tobacco Stemming and Redrying | 1.05 |
| 2211 | Broadwoven Fabric Mills, Cotton | 0.95 |
| 2221 | Broadwoven Fabric Mills, Manmade Fiber and Silk | 0.95 |
| 2231 | Broadwoven Fabric Mills, Wool (Including Dyeing and Finishing) | 0.95 |
| 2241 | Narrow Fabric and Other Smallware Mills: Cotton, Wool, Silk, and Manmade Fiber | 0.95 |
| 2251 | Women's Full-Length and Knee-Length Hosiery, Except Socks | 1.00 |
| 2252 | Hosiery, NEC | 1.00 |
| 2253 | Knit Outerwear Mills | 1.00 |
| 2254 | Knit Underwear and Nightwear Mills | 1.00 |
| 2257 | Weft Knit Fabric Mills | 0.95 |
| 2258 | Lace and Warp Knit Fabric Mills | 0.95 |
| 2259 | Knitting Mills, NEC | 0.95 |
| 2261 | Finishers of Broadwoven Fabrics of Cotton | 0.95 |
| 2262 | Finishers of Broadwoven Fabrics of Manmade Fiber and Silk | 0.95 |
| 2269 | Finishers of Textiles, NEC | 0.95 |
| 2273 | Carpets and Rugs | 0.95 |
| 2281 | Yarn Spinning Mills | 0.95 |
| 2282 | Yarn Texturizing, Throwing, Twisting, and Winding Mills | 0.95 |
| 2284 | Thread Mills | 0.95 |
| 2295 | Coated Fabrics, Not Rubberized | 0.95 |
| 2296 | Tire Cord and Fabrics | 0.95 |
| 2297 | Nonwoven Fabrics | 0.95 |
| 2298 | Cordage and Twine | 0.95 |
| 2299 | Textile Goods, NEC | 0.95 |
| 2311 | Men's and Boys' Suits, Coats, and Overcoats | 1.00 |
| 2321 | Men's and Boys' Shirts, Except Work Shirts | 1.00 |
| 2322 | Men's and Boys' Underwear and Nightwear | 1.00 |
| 2323 | Men's and Boys' Neckwear | 1.00 |
| 2325 | Men's and Boys' Trousers and Slacks | 1.00 |
| 2326 | Men's and Boys' Work Clothing | 1.00 |
| 2329 | Men's and Boys' Clothing, NEC | 1.00 |
| 2331 | Women's, Misses', and Juniors' Blouses and Shirts | 1.00 |
| 2335 | Women's, Misses', and Juniors' Dresses | 1.00 |
| 2337 | Women's, Misses' and Juniors' Suits, Skirts, and Coats | 1.00 |
| 2339 | Women's, Misses', and Juniors' Outerwear, NEC | 1.00 |
| 2341 | Women's, Misses', Children's, and Infants' Underwear and Nightwear | 1.00 |
| 2342 | Brassieres, Girdles, and Allied Garments | 1.00 |
| 2353 | Hats, Caps, and Millinery | 1.00 |
| 2361 | Girls', Children's, and Infants' Dresses, Blouses, and Shirts | 1.00 |
| 2369 | Girls', Children's, and Infants' Outerwear, NEC | 1.00 |
| 2371 | Fur Goods | 1.00 |
| 2381 | Dress and Work Gloves, Except Knit and All-Leather | 1.00 |
| 2384 | Robes and Dressing Gowns | 1.00 |
| 2385 | Waterproof Outerwear | 1.00 |
| 2386 | Leather and Sheep-Lined Clothing | 1.00 |
| 2387 | Apparel Belts | 1.00 |
| 2389 | Apparel and Accessories, NEC | 1.00 |
| 2391 | Curtains and Draperies | 1.00 |
| 2392 | Housefurnishings, Except Curtains and Draperies | 0.95 |
| 2393 | Textile Bags | 0.95 |
| 2394 | Canvas and Related Products | 0.95 |
| 2395 | Pleating, Decorative and Novelty Stitching, and Tucking for the Trade | 1.00 |
| 2396 | Automotive Trimmings, Apparel Findings, and Related Products | 0.95 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|---|--------|
| SIC | SIC Description | SIC Fx |
| 2397 | Schiffli Machine Embroideries | 0.95 |
| 2399 | Fabricated Textile Products, NEC | 1.00 |
| 2411 | Logging | 1.15 |
| 2421 | Sawmills and Planing Mills, General | 1.15 |
| 2426 | Hardwood Dimension and Flooring Mills | 1.15 |
| 2429 | Special Product Sawmills, NEC | 1.15 |
| 2431 | Millwork | 1.10 |
| 2434 | Wood Kitchen Cabinets | 0.95 |
| 2435 | Hardwood Veneer and Plywood | 1.00 |
| 2436 | Softwood Veneer and Plywood | 1.00 |
| 2439 | Structural Wood Members, NEC | 1.00 |
| 2441 | Nailed and Lock Corner Wood Boxes and Shook | 1.00 |
| 2448 | Wood Pallets and Skids | 1.00 |
| 2449 | Wood Containers, NEC | 1.00 |
| 2451 | Mobile Homes | 1.00 |
| 2452 | Prefabricated Wood Buildings and Components | 1.00 |
| 2491 | Wood Preserving | 1.00 |
| 2493 | Reconstituted Wood Products | 1.00 |
| 2499 | Wood Products, NEC | 1.00 |
| 2511 | Wood Household Furniture, Except Upholstered | 0.95 |
| 2512 | Wood Household Furniture, Upholstered | 0.95 |
| 2514 | Metal Household Furniture | 0.95 |
| 2515 | Mattresses, Foundations, and Convertible Beds | 0.95 |
| 2517 | Wood Television, Radio, Phonograph and Sewing Machine Cabinets | 0.95 |
| 2519 | Household Furniture, NEC | 0.95 |
| 2521 | Wood Office Furniture | 0.95 |
| 2522 | Office Furniture, Except Wood | 0.95 |
| 2531 | Public Building and Related Furniture | 0.95 |
| 2541 | Wood Office and Store Fixtures, Partitions, Shelving, and Lockers | 0.95 |
| 2542 | Office and Store Fixtures, Partitions, Shelving, and Lockers, Except Wood | 0.95 |
| 2591 | Drapery Hardware and Window Blinds and Shades | 0.95 |
| 2599 | Furniture and Fixtures, NEC | 0.95 |
| 2611 | Pulp Mills | 0.95 |
| 2621 | Paper Mills | 0.95 |
| 2631 | Paperboard Mills | 0.95 |
| 2652 | Setup Paperboard Boxes | 0.95 |
| 2653 | Corrugated and Solid Fiber Boxes | 0.95 |
| 2655 | Fiber Cans, Tubes, Drums, and Similar Products | 0.95 |
| 2656 | Sanitary Food Containers, Except Folding | 0.95 |
| 2657 | Folding Paperboard Boxes, Including Sanitary | 0.95 |
| 2671 | Packaging Paper and Plastics Film, Coated and Laminated | 0.95 |
| 2672 | Coated and Laminated Paper, NEC | 0.95 |
| 2673 | Plastics, Foil, and Coated Paper Bags | 0.95 |
| 2674 | Uncoated Paper and Multiwall Bags | 0.95 |
| 2675 | Die-Cut Paper and Paperboard and Cardboard | 0.95 |
| 2676 | Sanitary Paper Products | 0.95 |
| 2677 | Envelopes | 0.95 |
| 2678 | Stationery, Tablets, and Related Products | 0.95 |
| 2679 | Converted Paper and Paperboard Products, NEC | 0.95 |
| 2711 | Newspapers: Publishing, or Publishing and Printing | 0.90 |
| 2721 | Periodicals: Publishing, or Publishing and Printing | 0.90 |
| 2731 | Books: Publishing, or Publishing and Printing | 0.95 |
| 2732 | Book Printing | 0.90 |
| 2741 | Miscellaneous Publishing | 0.90 |
| 2752 | Commercial Printing, Lithographic | 0.90 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|--|---------------|
| SIC | SIC Description | SIC Fx |
| 2754 | Commercial Printing, Gravure | 0.90 |
| 2759 | Commercial Printing, NEC | 0.90 |
| 2761 | Manifold Business Forms | 0.90 |
| 2771 | Greeting Cards | 0.90 |
| 2782 | Blankbooks, Loose-leaf Binders and Devices | 0.90 |
| 2789 | Bookbinding and Related Work | 0.90 |
| 2791 | Typesetting | 0.90 |
| 2796 | Platemaking and Related Services | 0.90 |
| 2812 | Alkalies and Chlorine | 1.00 |
| 2813 | Industrial Gases | 1.00 |
| 2816 | Inorganic Pigments | 1.00 |
| 2819 | Industrial Inorganic Chemicals, NEC | 1.00 |
| 2821 | Plastics Material and Synthetic Resins, and Nonvulcanizable Elastomers | 1.00 |
| 2822 | Synthetic Rubber | 1.00 |
| 2823 | Cellulosic Manmade Fibers | 1.00 |
| 2824 | Manmade Organic Fibers, Except Cellulosic | 1.00 |
| 2833 | Medicinal Chemicals and Botanical Products | 0.90 |
| 2834 | Pharmaceutical Preparations | 0.90 |
| 2835 | In Vitro and In Vivo Diagnostic Substances | 0.90 |
| 2836 | Biological Products, Except Diagnostic Substances | 0.90 |
| 2841 | Soaps and Other Detergents, Except Speciality Cleaners | 0.90 |
| 2842 | Speciality Cleaning, Polishing, and Sanitary Preparations | 0.90 |
| 2843 | Surface Active Agents, Finishing Agents, Sulfonated Oils, and Assistants | 0.90 |
| 2844 | Perfumes, Cosmetics, and Other Toilet Preparations | 0.90 |
| 2851 | Paints, Varnishes, Lacquers, Enamels, and Allied Products | 0.95 |
| 2861 | Gum and Wood Chemicals | 1.00 |
| 2865 | Cyclic Organic Crudes and Intermediates, and Organic Dyes and Pigments | 1.00 |
| 2869 | Industrial Organic Chemicals, NEC | 1.00 |
| 2873 | Nitrogenous Fertilizers | 1.00 |
| 2874 | Phosphatic Fertilizers | 1.00 |
| 2875 | Fertilizers, Mixing Only | 1.00 |
| 2879 | Pesticides and Agricultural Chemicals, NEC | 1.00 |
| 2891 | Adhesives and Sealants | 0.95 |
| 2892 | Explosives | 1.15 |
| 2893 | Printing Ink | 0.95 |
| 2895 | Carbon Black | 1.00 |
| 2899 | Chemicals and Chemical Preparations, NEC | 0.95 |
| 2911 | Petroleum Refining | 1.05 |
| 2951 | Asphalt Paving Mixtures and Blocks | 1.05 |
| 2952 | Asphalt Felts and Coatings | 1.05 |
| 2992 | Lubricating Oils and Greases | 1.05 |
| 2999 | Products of Petroleum and Coal, NEC | 1.05 |
| 3011 | Tires and Inner Tubes | 0.95 |
| 3021 | Rubber and Plastics Footwear | 0.95 |
| 3052 | Rubber and Plastics Hose and Belting | 0.95 |
| 3053 | Gaskets, Packing, and Sealing Devices | 0.90 |
| 3061 | Molded, Extruded, and Lathe-Cut Mechanical Rubber Goods | 0.95 |
| 3069 | Fabricated Rubber Products, NEC | 0.95 |
| 3081 | Unsupported Plastics Film and Sheet | 0.95 |
| 3082 | Unsupported Plastics Profile Shapes | 0.95 |
| 3083 | Laminated Plastics Plate, Sheet, and Profile Shapes | 0.95 |
| 3084 | Plastics Pipe | 0.95 |
| 3085 | Plastics Bottles | 0.95 |
| 3086 | Plastics Foam Products | 0.95 |
| 3087 | Custom Compounding of Purchased Plastics Resins | 0.95 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|--|--------|
| SIC | SIC Description | SIC Fx |
| 3088 | Plastics Plumbing Fixtures | 0.95 |
| 3089 | Plastics Products, NEC | 0.95 |
| 3111 | Leather Tanning and Finishing | 1.15 |
| 3131 | Boot and Shoe Cut Stock and Findings | 1.00 |
| 3142 | House Slippers | 0.95 |
| 3143 | Men's Footwear, Except Athletic | 0.95 |
| 3144 | Women's Footwear, Except Athletic | 0.95 |
| 3149 | Footwear, Except Rubber, NEC | 0.95 |
| 3151 | Leather Gloves and Mittens | 1.00 |
| 3161 | Luggage | 0.95 |
| 3171 | Women's Handbags and Purses | 0.95 |
| 3172 | Personal Leather Goods, Except Women's Handbags and Purses | 0.95 |
| 3199 | Leather Goods, NEC | 0.95 |
| 3211 | Flat Glass | 0.95 |
| 3221 | Glass Containers | 0.95 |
| 3229 | Pressed and Blown Glass and Glassware, NEC | 0.95 |
| 3231 | Glass Products, Made of Purchased Glass | 0.95 |
| 3241 | Cement, Hydraulic | 0.95 |
| 3251 | Brick and Structural Clay Tile | 0.95 |
| 3253 | Ceramic Wall and Floor Tile | 0.95 |
| 3255 | Clay Refractories | 0.95 |
| 3259 | Structural Clay Products, NEC | 0.95 |
| 3261 | Vitreous China Plumbing Fixtures and China and Earthenware Fittings and Bathroom Accessories | 0.95 |
| 3262 | Vitreous China Table and Kitchen Articles | 0.95 |
| 3263 | Fine Earthenware (Whiteware) Table and Kitchen Articles | 0.95 |
| 3264 | Porcelain Electrical Supplies | 0.95 |
| 3269 | Pottery Products, NEC | 0.95 |
| 3271 | Concrete Block and Brick | 0.95 |
| 3272 | Concrete Products, Except Block and Brick | 1.05 |
| 3273 | Ready-Mixed Concrete | 0.95 |
| 3274 | Lime | 0.95 |
| 3275 | Gypsum Products | 0.95 |
| 3281 | Cut Stone and Stone Products | 0.95 |
| 3291 | Abrasive Products | 1.05 |
| 3292 | Asbestos Products | 1.05 |
| 3295 | Minerals and Earths, Ground or Otherwise Treated | 1.10 |
| 3296 | Mineral Wool | 0.95 |
| 3297 | Nonclay Refractories | 0.95 |
| 3299 | Nonmetallic Mineral Products, NEC | 1.05 |
| 3312 | Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills | 1.10 |
| 3313 | Electrometallurgical Products, Except Steel | 1.10 |
| 3315 | Steel Wiredrawing and Steel Nails and Spikes | 1.05 |
| 3316 | Cold-Rolled Steel Sheet, Strip, and Bars | 1.10 |
| 3317 | Steel Pipe and Tubes | 1.10 |
| 3321 | Gray and Ductile Iron Foundries | 1.10 |
| 3322 | Malleable Iron Foundries | 1.10 |
| 3324 | Steel Investment Foundries | 1.10 |
| 3325 | Steel Foundries, NEC | 1.10 |
| 3331 | Primary Smelting and Refining of Copper | 1.10 |
| 3334 | Primary Production of Aluminum | 1.10 |
| 3339 | Primary Smelting and Refining of Nonferrous Metals, Except Copper and Aluminum | 1.10 |
| 3341 | Secondary Smelting and Refining of Nonferrous Metals | 1.10 |
| 3351 | Rolling, Drawing, and Extruding of Copper | 1.10 |
| 3353 | Aluminum Sheet, Plate, and Foil | 1.10 |
| 3354 | Aluminum Extruded Products | 1.10 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|--|--------|
| SIC | SIC Description | SIC Fx |
| 3355 | Aluminum Rolling and Drawing, NEC | 1.10 |
| 3356 | Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum | 1.10 |
| 3357 | Drawing and Insulating of Nonferrous Wire | 1.00 |
| 3363 | Aluminum Die-Castings | 1.10 |
| 3364 | Nonferrous Die-Castings, Except Aluminum | 1.10 |
| 3365 | Aluminum Foundries | 1.10 |
| 3366 | Copper Foundries | 1.10 |
| 3369 | Nonferrous Foundries, Except Aluminum and Copper | 1.10 |
| 3398 | Metal Heat Treating | 0.95 |
| 3399 | Primary Metal Products, NEC | 1.05 |
| 3411 | Metal Cans | 0.95 |
| 3412 | Metal Shipping Barrels, Drums, Kegs, and Pails | 0.95 |
| 3421 | Cutlery | 0.95 |
| 3423 | Hand and Edge Tools, Except Machine Tools and Handsaws | 0.95 |
| 3425 | Saw Blades and Handsaws | 0.95 |
| 3429 | Hardware, NEC | 0.95 |
| 3431 | Enameled Iron and Metal Sanitary Ware | 0.95 |
| 3432 | Plumbing Fixture Fittings and Trim | 0.95 |
| 3433 | Heating Equipment, Except Electric and Warm Air Furnaces | 0.95 |
| 3441 | Fabricated Structural Metal | 0.95 |
| 3442 | Metal Doors, Sash, Frames, Molding, and Trim Manufacturing | 0.95 |
| 3443 | Fabricated Plate Work (Boiler Shops) | 0.95 |
| 3444 | Sheet Metal Work | 0.95 |
| 3446 | Architectural and Ornamental Metal Work | 0.95 |
| 3448 | Prefabricated Metal Buildings and Components | 0.95 |
| 3449 | Miscellaneous Structural Metal Work | 0.95 |
| 3451 | Screw Machine Products | 0.95 |
| 3452 | Bolts, Nuts, Screws, Rivets, and Washers | 0.95 |
| 3462 | Iron and Steel Forgings | 0.95 |
| 3463 | Nonferrous Forgings | 0.95 |
| 3465 | Automotive Stamping | 0.95 |
| 3466 | Crowns and Closures | 0.95 |
| 3469 | Metal Stamping, NEC | 0.95 |
| 3471 | Electroplating, Plating, Polishing, Anodizing, and Coloring | 0.95 |
| 3479 | Coating, Engraving, and Allied Services, NEC | 0.90 |
| 3482 | Small Arms Ammunition | 0.95 |
| 3483 | Ammunition, Except for Small Arms | 0.95 |
| 3484 | Small Arms | 0.95 |
| 3489 | Ordnance and Accessories, NEC | 0.95 |
| 3491 | Industrial Valves | 0.95 |
| 3492 | Fluid Power Valves and Hose Fittings | 0.95 |
| 3493 | Steel Springs, Except Wire | 0.95 |
| 3494 | Valves and Pipe Fittings, NEC | 0.95 |
| 3495 | Wire Springs | 0.95 |
| 3496 | Miscellaneous Fabricated Wire Products | 0.95 |
| 3497 | Metal Foil and Leaf | 0.95 |
| 3498 | Fabricated Pipe and Pipe Fittings | 0.95 |
| 3499 | Fabricated Metal Products, NEC | 0.95 |
| 3511 | Steam, Gas, and Hydraulic Turbines, and Turbine Generator Set Units | 0.95 |
| 3519 | Internal Combustion Engines, NEC | 0.95 |
| 3523 | Farm Machinery and Equipment | 0.95 |
| 3524 | Lawn and Garden Tractors and Home Lawn and Garden Equipment | 0.95 |
| 3531 | Construction Machinery and Equipment | 0.95 |
| 3532 | Mining Machinery and Equipment, Except Oil and Gas Field Machinery and Equipment | 0.95 |
| 3533 | Oil and Gas Field Machinery and Equipment | 0.95 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|---|---------------|
| SIC | SIC Description | SIC Fx |
| 3534 | Elevators and Moving Stairways | 0.95 |
| 3535 | Conveyors and Conveying Equipment | 0.95 |
| 3536 | Overhead Traveling Cranes, Hoists, and Monorail Systems | 0.95 |
| 3537 | Industrial Trucks, Tractors, Trailers, and Stackers | 0.95 |
| 3541 | Machine Tools, Metal Cutting Type | 0.95 |
| 3542 | Machine Tools, Metal Forming Type | 0.95 |
| 3543 | Industrial Patterns | 0.95 |
| 3544 | Special Dies and Tools, Die Sets, Jigs and Fixtures, and Industrial Molds | 0.95 |
| 3545 | Cutting Tools, Machine Tool Accessories, and Machinists' Precision Measuring Devices | 0.95 |
| 3546 | Power-Driven Handtools | 0.95 |
| 3547 | Rolling Mill Machinery and Equipment | 0.95 |
| 3548 | Electric and Gas Welding and Soldering Equipment | 0.95 |
| 3549 | Metalworking Machinery, NEC | 0.95 |
| 3552 | Textile Machinery | 0.95 |
| 3553 | Woodworking Machinery | 0.95 |
| 3554 | Paper Industries Machinery | 0.95 |
| 3555 | Printing Trades Machinery and Equipment | 0.95 |
| 3556 | Food Products Machinery | 0.95 |
| 3559 | Special Industry Machinery, NEC | 0.95 |
| 3561 | Pumps and Pumping Equipment | 0.95 |
| 3562 | Ball and Roller Bearings | 0.95 |
| 3563 | Air and Gas Compressors | 0.95 |
| 3564 | Industrial and Commercial Fans and Blowers and Air Purification Equipment | 0.95 |
| 3565 | Packaging Machinery | 0.95 |
| 3566 | Speed Changers, Industrial High-Speed Drives, and Gears | 0.95 |
| 3567 | Industrial Process Furnaces and Ovens | 0.95 |
| 3568 | Mechanical Power Transmission Equipment, NEC | 0.95 |
| 3569 | General Industrial Machinery and Equipment, NEC | 0.95 |
| 3571 | Electronic Computers | 0.90 |
| 3572 | Computer Storage Devices | 0.90 |
| 3575 | Computer Terminals | 0.90 |
| 3577 | Computer Peripheral Equipment, NEC | 0.90 |
| 3578 | Calculating and Accounting Machines, Except Electronic Computers | 0.95 |
| 3579 | Office Machines, NEC | 0.90 |
| 3581 | Automatic Vending Machines | 0.95 |
| 3582 | Commercial Laundry, Drycleaning, and Pressing Machines | 0.95 |
| 3585 | Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment | 0.95 |
| 3586 | Measuring and Dispensing Pumps | 0.95 |
| 3589 | Service Industry Machinery, NEC | 0.95 |
| 3592 | Carburetors, Pistons, Piston Rings, and Valves | 0.95 |
| 3593 | Fluid Power Cylinders and Actuators | 0.95 |
| 3594 | Fluid Power Pumps and Motors | 0.95 |
| 3596 | Scales and Balances, Except Laboratory | 0.95 |
| 3599 | Industrial and Commercial Machinery and Equipment, NEC | 0.95 |
| 3612 | Power, Distribution, and Specialty Transformers | 0.90 |
| 3613 | Switchgear and Switchboard Apparatus | 0.90 |
| 3621 | Motors and Generators | 0.90 |
| 3624 | Carbon and Graphite Products | 0.90 |
| 3625 | Relays and Industrial Controls | 0.90 |
| 3629 | Electrical Industrial Apparatus, NEC | 0.90 |
| 3631 | Household Cooking Equipment | 0.90 |
| 3632 | Household Refrigerators and Home and Farm Freezers | 0.90 |
| 3633 | Household Laundry Equipment | 0.90 |
| 3634 | Electric Housewares and Fans | 0.90 |
| 3635 | Household Vacuum Cleaners | 0.90 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|---|---------------|
| SIC | SIC Description | SIC Fx |
| 3639 | Household Appliances, NEC | 0.90 |
| 3641 | Electric Lamp Bulbs and Tubes | 0.90 |
| 3643 | Current-Carrying Wiring Devices | 0.90 |
| 3644 | Noncurrent-Carrying Wiring Devices | 0.95 |
| 3645 | Residential Electric Lighting Fixtures | 0.90 |
| 3646 | Commercial, Industrial, and Institutional Electric Lighting Fixtures | 0.90 |
| 3647 | Vehicular Lighting Equipment | 0.95 |
| 3648 | Lighting Equipment, NEC | 0.90 |
| 3651 | Household Audio and Video Equipment | 0.90 |
| 3652 | Phonograph Records and Prerecorded Audio Tapes and Disks | 0.95 |
| 3661 | Telephone and Telegraph Apparatus | 0.90 |
| 3663 | Radio and Television Broadcasting and Communications Equipment | 0.90 |
| 3669 | Communications Equipment, NEC | 0.90 |
| 3671 | Electron Tubes | 0.90 |
| 3672 | Printed Circuit Boards | 0.90 |
| 3674 | Semiconductors and Related Devices | 0.90 |
| 3675 | Electronic Capacitors | 0.90 |
| 3676 | Electronic Resistors | 0.90 |
| 3677 | Electronic Coils, Transformers, and Other Inductors | 0.90 |
| 3678 | Electronic Connectors | 0.90 |
| 3679 | Electronic Components, NEC | 0.90 |
| 3691 | Storage Batteries | 0.90 |
| 3692 | Primary Batteries, Dry and Wet | 0.90 |
| 3694 | Electrical Equipment for Internal Combustion Engines | 0.95 |
| 3695 | Magnetic and Optical Recording Media | 0.90 |
| 3699 | Electrical Machinery, Equipment, and Supplies, NEC | 0.95 |
| 3711 | Motor Vehicles and Passenger Car Bodies | 0.95 |
| 3713 | Truck and Bus Bodies | 0.95 |
| 3714 | Motor Vehicle Parts and Accessories | 0.95 |
| 3715 | Truck Trailers | 0.95 |
| 3716 | Motor Homes | 0.95 |
| 3721 | Aircraft | 0.95 |
| 3724 | Aircraft Engines and Engine Parts | 0.95 |
| 3728 | Aircraft Parts and Auxiliary Equipment, NEC | 0.95 |
| 3731 | Ship Building and Repairing | 1.00 |
| 3732 | Boat Building and Repairing | 1.00 |
| 3743 | Railroad Equipment | 0.95 |
| 3751 | Motorcycles, Bicycles, and Parts | 0.95 |
| 3761 | Guided Missiles and Space Vehicles | 0.95 |
| 3764 | Guided Missile and Space Vehicle Propulsion Units and Propulsion Unit Parts | 0.95 |
| 3769 | Guided Missile Space Vehicle Parts and Auxiliary Equipment, NEC | 0.95 |
| 3792 | Travel Trailers and Campers | 0.95 |
| 3795 | Tanks and Tank Components | 0.95 |
| 3799 | Transportation Equipment, NEC | 0.95 |
| 3812 | Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments | 0.90 |
| 3821 | Laboratory Apparatus and Furniture | 0.90 |
| 3822 | Automatic Controls for Regulating Residential and Commercial Environments and Appliances | 0.90 |
| 3823 | Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products | 0.90 |
| 3824 | Totalizing Fluid Meters and Counting Devices | 0.90 |
| 3825 | Instruments for Measuring and Testing of Electricity and Electrical Signals | 0.90 |
| 3826 | Laboratory Analytical Instruments | 0.90 |
| 3827 | Optical Instruments and Lenses | 0.95 |
| 3829 | Measuring and Controlling Devices, NEC | 0.90 |
| 3841 | Surgical and Medical Instruments and Apparatus | 0.90 |
| 3842 | Orthopedic, Prosthetic, and Surgical Appliances and Supplies | 0.90 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|---|--------|
| SIC | SIC Description | SIC Fx |
| 3843 | Dental Equipment and Supplies | 0.90 |
| 3844 | X-Ray Apparatus and Tubes and Related Irradiation Apparatus | 0.90 |
| 3845 | Electromedical and Electrotherapeutic Apparatus | 0.90 |
| 3851 | Ophthalmic Goods | 0.90 |
| 3861 | Photographic Equipment and Supplies | 0.95 |
| 3873 | Watches, Clocks, Clockwork Operated Devices and Parts | 0.90 |
| 3911 | Jewelry, Precious Metal | 0.90 |
| 3914 | Silverware, Plated Ware, and Stainless Steel Ware | 0.95 |
| 3915 | Jewelers' Findings and Materials, and Lapidary Work | 0.90 |
| 3931 | Musical Instruments | 0.90 |
| 3942 | Dolls and Stuffed Toys | 0.90 |
| 3944 | Games, Toys, and Children's Vehicles, Except Dolls and Bicycles | 0.95 |
| 3949 | Sporting and Athletic Goods, NEC | 0.90 |
| 3951 | Pens, Mechanical Pencils, and Parts | 0.90 |
| 3952 | Lead Pencils, Crayons, and Artist's Materials | 0.95 |
| 3953 | Marking Devices | 0.90 |
| 3955 | Carbon Paper and Inked Ribbons | 0.90 |
| 3961 | Costume Jewelry and Costume Novelties, Except Precious Metals | 0.90 |
| 3965 | Fasteners, Buttons, Needles, and Pins | 0.90 |
| 3991 | Brooms and Brushes | 0.90 |
| 3993 | Signs and Advertising Specialties | 0.90 |
| 3995 | Burial Caskets | 0.90 |
| 3996 | Linoleum, Asphalted-Felt-Base, and Other Hard Surface Floor Coverings, NEC | 0.95 |
| 3999 | Manufacturing Industries, NEC | 0.95 |
| 4011 | Railroads, Line-haul Operating | 1.05 |
| 4013 | Railroad Switching and Terminal Establishments | 1.05 |
| 4111 | Local and Suburban Transit | 1.10 |
| 4119 | Local Passenger Transportation, NEC | 1.10 |
| 4121 | Taxicabs | 1.15 |
| 4131 | Intercity and Rural Bus Transportation | 1.10 |
| 4141 | Local Bus Charter Service | 1.10 |
| 4142 | Bus Charter Service, Except Local | 1.10 |
| 4151 | School Buses | 1.10 |
| 4173 | Terminal and Service Facilities for Motor Vehicle Passenger Transportation | 1.05 |
| 4212 | Local Trucking Without Storage | 1.00 |
| 4213 | Trucking, Except Local | 1.05 |
| 4214 | Local Trucking with Storage | 1.05 |
| 4215 | Courier Services Except by Air | 1.05 |
| 4221 | Farm Product Warehousing and Storage | 1.05 |
| 4222 | Refrigerated Warehousing and Storage | 1.05 |
| 4225 | General Warehousing and Storage | 1.10 |
| 4226 | Special Warehousing and Storage, NEC | 1.05 |
| 4231 | Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation | 1.05 |
| 4311 | United States Postal Service | 0.95 |
| 4412 | Deep Sea Foreign Transportation of Freight | 0.95 |
| 4424 | Deep Sea Domestic Transportation of Freight | 0.95 |
| 4432 | Freight Transportation on the Great Lakes - St. Lawrence Seaway | 0.95 |
| 4449 | Water Transportation of Freight, NEC | 0.95 |
| 4481 | Deep Sea Transportation of Passengers, Except by Ferry | 0.95 |
| 4482 | Ferries | 0.95 |
| 4489 | Water Transportation of Passengers, NEC | 1.00 |
| 4491 | Marine Cargo Handling | 1.05 |
| 4492 | Towing and Tugboat Services | 1.05 |
| 4493 | Marinas | 1.15 |
| 4499 | Water Transportation Services, NEC | 1.05 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|--|---------------|
| SIC | SIC Description | SIC Fx |
| 4512 | Air Transportation, Scheduled | 0.95 |
| 4513 | Air Courier Services | 1.05 |
| 4522 | Air Transportation, Nonscheduled | 1.00 |
| 4581 | Airports, Flying Fields, and Airport Terminal Services | 1.05 |
| 4612 | Crude Petroleum Pipelines | 0.95 |
| 4613 | Refined Petroleum Pipelines | 0.95 |
| 4619 | Pipelines, NEC | 0.95 |
| 4724 | Travel Agencies | 0.95 |
| 4725 | Tour Operators | 0.95 |
| 4729 | Arrangement of Passenger Transportation, NEC | 1.00 |
| 4731 | Arrangement of Transportation of Freight and Cargo | 1.00 |
| 4741 | Rental of Railroad Cars | 1.00 |
| 4783 | Packing and Crating | 1.05 |
| 4785 | Fixed Facilities and Inspection and Weighing Services for Motor Vehicle Transportation | 1.05 |
| 4789 | Transportation Services, NEC | 1.10 |
| 4812 | Radiotelephone Communications | 0.90 |
| 4813 | Telephone Communications, Except Radiotelephone | 0.90 |
| 4822 | Telegraph and Other Message Communications | 0.90 |
| 4832 | Radio Broadcasting Stations | 0.90 |
| 4833 | Television Broadcasting Stations | 0.90 |
| 4841 | Cable and Other Pay Television Services | 0.90 |
| 4899 | Communications Services, NEC | 1.00 |
| 4911 | Electric Services | 0.95 |
| 4922 | Natural Gas Transmission | 0.95 |
| 4923 | Natural Gas Transmission and Distribution | 0.95 |
| 4924 | Natural Gas Distribution | 0.95 |
| 4925 | Mixed, Manufactured, or Liquefied Petroleum Gas Production and/or Distribution | 0.95 |
| 4931 | Electric and Other Services Combined | 0.95 |
| 4932 | Gas and Other Services Combined | 0.95 |
| 4939 | Combination Utilities, NEC | 0.95 |
| 4941 | Water Supply | 0.95 |
| 4952 | Sewerage Systems | 0.95 |
| 4953 | Refuse Systems | 1.05 |
| 4959 | Sanitary Services, NEC | 1.10 |
| 4961 | Steam and Air-Conditioning Supply | 0.95 |
| 4971 | Irrigation Systems | 0.95 |
| 5012 | Automobiles and Other Motor Vehicles | 0.95 |
| 5013 | Motor Vehicle Supplies and New Parts | 1.05 |
| 5014 | Tires and Tubes | 1.05 |
| 5015 | Motor Vehicle Parts, Used | 1.05 |
| 5021 | Furniture | 0.95 |
| 5023 | Home Furnishings | 0.95 |
| 5031 | Lumber, Plywood, Millwork, and Wood Panels | 0.95 |
| 5032 | Brick, Stone and Related Construction Materials | 0.95 |
| 5033 | Roofing, Siding, and Insulation Materials | 0.95 |
| 5039 | Construction Materials, NEC | 0.95 |
| 5043 | Photographic Equipment and Supplies | 0.95 |
| 5044 | Office Equipment | 0.95 |
| 5045 | Computers and Computer Peripheral Equipment and Software | 0.95 |
| 5046 | Commercial Equipment, NEC | 0.95 |
| 5047 | Medical, Dental, and Hospital Equipment and Supplies | 0.95 |
| 5048 | Ophthalmic Goods | 0.95 |
| 5049 | Professional Equipment and Supplies, NEC | 0.95 |
| 5051 | Metals Service Centers and Offices | 0.95 |
| 5052 | Coal and Other Minerals and Ores | 0.95 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|--|---------------|
| SIC | SIC Description | SIC Fx |
| 5063 | Electrical Apparatus and Equipment Wiring Supplies, and Construction Materials | 0.95 |
| 5064 | Electrical Appliances, Television and Radio Sets | 0.95 |
| 5065 | Electronic Parts and Equipment, NEC | 0.95 |
| 5072 | Hardware | 0.95 |
| 5074 | Plumbing and Heating Equipment and Supplies (Hydronics) | 0.95 |
| 5075 | Warm Air Heating and Air-Conditioning Equipment and Supplies | 0.95 |
| 5078 | Refrigeration Equipment and Supplies | 0.95 |
| 5082 | Construction and Mining (Except Petroleum) Machinery and Equipment | 0.95 |
| 5083 | Farm and Garden Machinery and Equipment | 0.95 |
| 5084 | Industrial Machinery and Equipment | 0.95 |
| 5085 | Industrial Supplies | 0.95 |
| 5087 | Service Establishment Equipment and Supplies | 0.95 |
| 5088 | Transportation Equipment and Supplies, Except Motor Vehicles | 0.95 |
| 5091 | Sporting and Recreational Goods and Supplies | 0.95 |
| 5092 | Toys and Hobby Goods and Supplies | 0.95 |
| 5093 | Scrap and Waste Materials | 1.10 |
| 5094 | Jewelry, Watches, Precious Stones, and Precious Metals | 0.95 |
| 5099 | Durable Goods, NEC | 0.95 |
| 5111 | Printing and Writing Paper | 0.95 |
| 5112 | Stationery and Office Supplies | 0.95 |
| 5113 | Industrial and Personal Service Paper | 0.95 |
| 5122 | Drugs, Drug Proprietaries, and Druggists' Sundries | 0.95 |
| 5131 | Piece Goods, Notions, and Other Dry Goods | 0.95 |
| 5136 | Men's and Boys' Clothing and Furnishings | 0.95 |
| 5137 | Women's, Children's, and Infants' Clothing and Accessories | 0.95 |
| 5139 | Footwear | 0.95 |
| 5141 | Groceries, General Line | 0.95 |
| 5142 | Packaged Frozen Foods | 0.95 |
| 5143 | Dairy Products, Except Dried or Canned | 0.95 |
| 5144 | Poultry and Poultry Products | 0.95 |
| 5145 | Confectionery | 0.95 |
| 5146 | Fish and Seafoods | 0.95 |
| 5147 | Meats and Meat Products | 1.00 |
| 5148 | Fresh Fruits and Vegetables | 0.95 |
| 5149 | Groceries and Related Products, NEC | 0.95 |
| 5153 | Grain and Field Beans | 0.95 |
| 5154 | Livestock | 0.95 |
| 5159 | Farm-Product Raw Materials, NEC | 0.95 |
| 5162 | Plastics Materials and Basic Forms and Shapes | 0.95 |
| 5169 | Chemicals and Allied Products, NEC | 0.95 |
| 5171 | Petroleum Bulk Stations and Terminals | 1.00 |
| 5172 | Petroleum and Petroleum Products Wholesalers, Except Bulk Stations and Terminals | 0.95 |
| 5181 | Beer and Ale | 1.05 |
| 5182 | Wine and Distilled Alcoholic Beverages | 1.05 |
| 5191 | Farm Supplies | 0.95 |
| 5192 | Books, Periodicals, and Newspapers | 0.95 |
| 5193 | Flowers, Nursery Stock, and Florists' Supplies | 0.95 |
| 5194 | Tobacco and Tobacco Products | 0.95 |
| 5198 | Paint, Varnishes, and Supplies | 0.95 |
| 5199 | Nondurable Goods, NEC | 1.00 |
| 5211 | Lumber and Other Building Materials Dealers | 0.95 |
| 5231 | Paint, Glass, and Wallpaper Stores | 0.95 |
| 5251 | Hardware Stores | 0.95 |
| 5261 | Retail Nurseries, Lawn and Garden Supply Stores | 0.95 |
| 5271 | Mobile Home Dealers | 1.10 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|---|--------|
| SIC | SIC Description | SIC Fx |
| 5311 | Department Stores | 0.90 |
| 5331 | Variety Stores | 0.90 |
| 5399 | Miscellaneous General Merchandise Stores | 0.90 |
| 5411 | Grocery Stores | 1.00 |
| 5421 | Meat and Fish (Seafood) Markets, Including Freezer Provisioners | 0.95 |
| 5431 | Fruit and Vegetable Markets | 0.95 |
| 5441 | Candy, Nut, and Confectionery Stores | 0.95 |
| 5451 | Dairy Products Stores | 0.95 |
| 5461 | Retail Bakeries | 1.05 |
| 5499 | Miscellaneous Food Stores | 0.95 |
| 5511 | Motor Vehicle Dealers (New and Used) | 1.10 |
| 5521 | Motor Vehicle Dealers (Used Only) | 1.10 |
| 5531 | Auto and Home Supply Stores | 1.05 |
| 5541 | Gasoline Service Stations | 1.10 |
| 5551 | Boat Dealers | 1.10 |
| 5561 | Recreational Vehicle Dealers | 1.10 |
| 5571 | Motorcycle Dealers | 1.10 |
| 5599 | Automotive Dealers, NEC | 1.10 |
| 5611 | Men's and Boys' Clothing and Accessory Stores | 0.95 |
| 5621 | Women's Clothing Stores | 0.95 |
| 5632 | Women's Accessory and Specialty Stores | 0.95 |
| 5641 | Children's and Infants' Wear Stores | 0.95 |
| 5651 | Family Clothing Stores | 0.95 |
| 5661 | Shoe Stores | 0.95 |
| 5699 | Miscellaneous Apparel and Accessory Stores | 0.95 |
| 5712 | Furniture Stores | 0.95 |
| 5713 | Floor Covering Stores | 0.95 |
| 5714 | Drapery, Curtain, and Upholstery Stores | 0.95 |
| 5719 | Miscellaneous Homefurnishings Stores | 0.95 |
| 5722 | Household Appliance Stores | 0.95 |
| 5731 | Radio, Television, and Consumer Electronics Stores | 1.05 |
| 5734 | Computer and Computer Software Stores | 0.95 |
| 5735 | Record and Prerecorded Tape Stores | 0.95 |
| 5736 | Musical Instrument Stores | 0.95 |
| 5812 | Eating and Drinking Places | 1.15 |
| 5813 | Drinking Places (Alcoholic Beverages) | 1.15 |
| 5912 | Drug Stores and Proprietary Stores | 0.95 |
| 5921 | Liquor Stores | 1.15 |
| 5932 | Used Merchandise Stores | 0.90 |
| 5941 | Sporting Goods Stores and Bicycle Shops | 0.95 |
| 5942 | Book Stores | 0.95 |
| 5943 | Stationery Stores | 0.95 |
| 5944 | Jewelry Stores | 0.95 |
| 5945 | Hobby, Toy, and Game Shops | 0.95 |
| 5946 | Camera and Photographic Supply Stores | 0.95 |
| 5947 | Gift, Novelty, and Souvenir Shops | 0.95 |
| 5948 | Luggage and Leather Goods Stores | 0.95 |
| 5949 | Sewing, Needlework, and Piece Goods Stores | 0.95 |
| 5961 | Catalog and Mail-Order Houses | 0.95 |
| 5962 | Automatic Merchandising Machine Operator | 0.95 |
| 5963 | Direct Selling Establishments | 1.05 |
| 5983 | Fuel Oil Dealers | 1.05 |
| 5984 | Liquefied Petroleum Gas (Bottled Gas) Dealers | 1.05 |
| 5989 | Fuel Dealers, NEC | 1.05 |
| 5992 | Florists | 0.95 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|---|---------------|
| SIC | SIC Description | SIC Fx |
| 5993 | Tobacco Stores and Stands | 0.95 |
| 5994 | News Dealers and Newsstands | 0.95 |
| 5995 | Optical Goods Stores | 0.95 |
| 5999 | Miscellaneous Retail Stores, NEC | 0.95 |
| 6011 | Federal Reserve Banks | 0.90 |
| 6019 | Central Reserve Depository Institutions, NEC | 0.90 |
| 6021 | National Commercial Banks | 0.90 |
| 6022 | State Commercial Banks | 0.90 |
| 6029 | Commercial Banks, NEC | 0.90 |
| 6035 | Savings Institutions, Federally Chartered | 0.90 |
| 6036 | Savings institutions, Not Federally Chartered | 0.90 |
| 6061 | Credit Unions, Federally Chartered | 0.90 |
| 6062 | Credit Unions, Not Federally Chartered | 0.90 |
| 6081 | Branches and Agencies of Foreign Banks | 0.90 |
| 6082 | Foreign Trade and International Banking Institutions | 0.90 |
| 6091 | Nondeposit Trust Facilities | 0.95 |
| 6099 | Functions Related to Deposit Banking, NEC | 0.90 |
| 6111 | Federal and Federally-Sponsored Credit Agencies | 0.90 |
| 6141 | Personal Credit Institutions | 0.90 |
| 6153 | Short-Term Business Credit Institutions, Except Agricultural | 0.90 |
| 6159 | Miscellaneous Business Credit Institutions | 0.90 |
| 6162 | Mortgage Bankers and Loan Correspondents | 0.90 |
| 6163 | Loan Brokers | 0.90 |
| 6211 | Security Brokers, Dealers, and Flotation Companies | 0.95 |
| 6221 | Commodity Contracts Brokers and Dealers | 0.95 |
| 6231 | Security and Commodity Exchanges | 0.95 |
| 6282 | Investment Advice | 0.95 |
| 6289 | Services Allied With the Exchange of Securities or Commodities, NEC | 0.95 |
| 6311 | Life Insurance | 0.90 |
| 6321 | Accident and Health Insurance | 0.90 |
| 6324 | Hospital and Medical Service Plans | 0.90 |
| 6331 | Fire, Marine, and Casualty Insurance | 0.90 |
| 6351 | Surety Insurance | 0.90 |
| 6361 | Title Insurance | 0.90 |
| 6371 | Pension, Health, and Welfare Funds | 0.95 |
| 6399 | Insurance Carriers, NEC | 0.90 |
| 6411 | Insurance Agents, Brokers, and Service | 1.00 |
| 6512 | Operators of Nonresidential Buildings | 1.15 |
| 6513 | Operators of Apartment Buildings | 1.10 |
| 6514 | Operators of Dwellings Other Than Apartment Buildings | 1.10 |
| 6515 | Operators of Residential Mobile Home Sites | 1.10 |
| 6517 | Lessors of Railroad Property | 1.10 |
| 6519 | Lessors of Real Property, NEC | 1.10 |
| 6531 | Real Estate Agents and Managers | 1.10 |
| 6541 | Title Abstract Offices | 1.00 |
| 6552 | Land Subdividers and Developers, Except Cemeteries | 1.00 |
| 6553 | Cemetery Subdividers and Developers | 0.95 |
| 6712 | Offices of Bank Holding Companies | 0.90 |
| 6719 | Offices of Holding Companies, NEC | 0.90 |
| 6722 | Management Investment Offices, Open-End | 0.90 |
| 6726 | Unit Investment Trusts, Face-Amount Certificate Offices, and Closed-End Management Investment Offices | 0.90 |
| 6732 | Education, Religious, and Charitable Trusts | 0.90 |
| 6733 | Trusts, Except Educational, Religious, and Charitable | 0.95 |
| 6792 | Oil Royalty Traders | 0.95 |
| 6794 | Patent Owners and Lessors | 0.90 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|--|---------------|
| SIC | SIC Description | SIC Fx |
| 6798 | Real Estate Investment Trusts | 0.90 |
| 6799 | Investors, NEC | 0.95 |
| 7011 | Hotels and Motels | 1.15 |
| 7021 | Rooming and Boarding Houses | 1.15 |
| 7032 | Sporting and Recreational Camps | 1.15 |
| 7033 | Recreational Vehicle Parks and Campsites | 1.15 |
| 7041 | Organization Hotels and Lodging Houses, on Membership Basis | 1.15 |
| 7211 | Power Laundries, Family and Commercial | 1.15 |
| 7212 | Garment Pressing, and Agents for Laundries and Drycleaners | 1.15 |
| 7213 | Linen Supply | 1.15 |
| 7215 | Coin-Operated Laundries and Drycleaning | 1.15 |
| 7216 | Drycleaning Plants, Except Rug Cleaning | 1.15 |
| 7217 | Carpet and Upholstery Cleaning | 1.10 |
| 7218 | Industrial Launderers | 1.15 |
| 7219 | Laundry and Garment Services, NEC | 1.15 |
| 7221 | Photographic Studios, Portrait | 0.95 |
| 7231 | Beauty Shops | 1.10 |
| 7241 | Barber Shops | 1.05 |
| 7251 | Shoe Repair Shops and Shoeshine Parlors | 1.00 |
| 7261 | Funeral Services and Crematories | 0.95 |
| 7291 | Tax Return Preparation Services | 0.90 |
| 7299 | Miscellaneous Personal Services, NEC | 1.05 |
| 7311 | Advertising Agencies | 1.05 |
| 7312 | Outdoor Advertising Services | 1.05 |
| 7313 | Radio, Television, and Publishers' Advertising Representatives | 1.05 |
| 7319 | Advertising, NEC | 1.05 |
| 7322 | Adjustment and Collection Services | 0.95 |
| 7323 | Credit Reporting Services | 0.95 |
| 7331 | Direct Mail Advertising Services | 1.00 |
| 7334 | Photocopying and Duplicating Services | 0.95 |
| 7335 | Commercial Photography | 0.95 |
| 7336 | Commercial Art and Graphic Design | 0.95 |
| 7338 | Secretarial and Court Reporting Services | 0.95 |
| 7342 | Disinfecting and Pest Control Services | 1.15 |
| 7349 | Building Cleaning and Maintenance Services, NEC | 1.10 |
| 7352 | Medical Equipment Rental and Leasing | 0.95 |
| 7353 | Heavy Construction Equipment Rental and Leasing | 1.00 |
| 7359 | Equipment Rental and Leasing, NEC | 0.95 |
| 7361 | Employment Agencies | 0.95 |
| 7363 | Help Supply Services | 0.95 |
| 7371 | Computer Programming Services | 0.90 |
| 7372 | Prepackaged Software | 0.90 |
| 7373 | Computer Integrated Systems Design | 0.90 |
| 7374 | Computer Processing and Data Preparation and Processing Services | 0.95 |
| 7375 | Information Retrieval Services | 0.95 |
| 7376 | Computer Facilities Management Services | 0.90 |
| 7377 | Computer Rental and Leasing | 0.95 |
| 7378 | Computer Maintenance and Repair | 1.00 |
| 7379 | Computer Related Services, NEC | 0.90 |
| 7381 | Detective, Guard, and Armored Car Services | 1.00 |
| 7382 | Security Systems Services | 1.00 |
| 7383 | News Syndicates | 1.05 |
| 7384 | Photofinishing Laboratories | 0.95 |
| 7389 | Business Services, NEC | 0.95 |
| 7513 | Truck Rental and Leasing, Without Drivers | 1.10 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|--|---------------|
| SIC | SIC Description | SIC Fx |
| 7514 | Passenger Car Rental | 1.10 |
| 7515 | Passenger Car Leasing | 1.10 |
| 7519 | Utility Trailer and Recreational Vehicle Rental | 1.10 |
| 7521 | Automobile Parking | 1.10 |
| 7532 | Top, Body, and Upholstery Repair Shops and Paint Shops | 1.10 |
| 7533 | Automotive Exhaust System Repair Shops | 1.10 |
| 7534 | Tire Retreading and Repair Shops | 1.05 |
| 7536 | Automotive Glass Replacement Shops | 1.10 |
| 7537 | Automotive Transmission Repair Shops | 1.10 |
| 7538 | General Automotive Repair Shops | 1.10 |
| 7539 | Automotive Repair Shops, NEC | 1.10 |
| 7542 | Carwashes | 1.10 |
| 7549 | Automotive Services, Except Repair and Carwashes | 1.10 |
| 7622 | Radio and Television Repair Shops | 1.00 |
| 7623 | Refrigeration and Air-Conditioning Services and Repair Shops | 1.00 |
| 7629 | Electrical and Electronic Repair Shops, NEC | 1.00 |
| 7631 | Watch, Clock, and Jewelry Repair | 1.00 |
| 7641 | Reupholstery and Furniture Repair | 1.00 |
| 7692 | Welding Repair | 1.00 |
| 7694 | Armature Rewinding Shops | 0.95 |
| 7699 | Repair Shops and Related Services, NEC | 1.00 |
| 7812 | Motion Picture and Video Tape Production | 0.95 |
| 7819 | Services Allied to Motion Picture Production | 0.95 |
| 7822 | Motion Picture and Video Tape Distribution | 0.95 |
| 7829 | Services Allied to Motion Picture Distribution | 0.95 |
| 7832 | Motion Picture Theaters, Except Drive-In | 0.95 |
| 7833 | Drive-In Motion Picture Theaters | 0.95 |
| 7841 | Video Tape Rental | 0.95 |
| 7911 | Dance Studios, Schools, and Halls | 1.05 |
| 7922 | Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services | 1.10 |
| 7929 | Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups | 1.15 |
| 7933 | Bowling Centers | 1.15 |
| 7941 | Professional Sports Clubs and Promoters | 1.15 |
| 7948 | Racing, Including Track Operations | 1.15 |
| 7991 | Physical Fitness Facilities | 1.15 |
| 7992 | Public Golf Courses | 1.15 |
| 7993 | Coin-Operated Amusement Devices | 1.15 |
| 7996 | Amusement Parks | 1.15 |
| 7997 | Membership Sports and Recreation Clubs | 1.15 |
| 7999 | Amusement and Recreation Services, NEC | 1.10 |
| 8011 | Offices and Clinics of Doctors of Medicine | 1.15 |
| 8021 | Offices and Clinics of Dentists | 1.15 |
| 8031 | Offices and Clinics of Doctors of Osteopathy | 1.15 |
| 8041 | Offices and Clinics of Chiropractors | 1.15 |
| 8042 | Offices and Clinics of Optometrists | 1.15 |
| 8043 | Offices and Clinics of Podiatrists | 1.15 |
| 8049 | Offices and Clinics of Health Practitioners, NEC | 1.15 |
| 8051 | Skilled Nursing Care Facilities | 1.15 |
| 8052 | Intermediate Care Facilities | 1.15 |
| 8059 | Nursing and Personal Care Facilities, NEC | 1.15 |
| 8062 | General Medical and Surgical Hospitals | 1.15 |
| 8063 | Psychiatric Hospitals | 1.15 |
| 8069 | Specialty Hospitals, Except Psychiatric | 1.15 |
| 8071 | Medical Laboratories | 1.05 |
| 8072 | Dental Laboratories | 1.00 |

Appendix A

| SIC Codes and Industry Factors | | |
|---------------------------------------|---|---------------|
| SIC | SIC Description | SIC Fx |
| 8082 | Home Health Care Services | 1.15 |
| 8092 | Kidney Dialysis Centers | 1.15 |
| 8093 | Specialty Outpatient Facilities, NEC | 1.15 |
| 8099 | Health and Allied Services, NEC | 1.05 |
| 8111 | Legal Services | 0.95 |
| 8211 | Elementary and Secondary Schools | 1.05 |
| 8221 | Colleges, Universities, and Professional Schools | 1.05 |
| 8222 | Junior Colleges and Technical Institutes | 1.05 |
| 8231 | Libraries | 0.90 |
| 8243 | Data Processing Schools | 0.95 |
| 8244 | Business and Secretarial Schools | 0.95 |
| 8249 | Vocational Schools, NEC | 0.95 |
| 8299 | Schools and Educational Services, NEC | 0.95 |
| 8322 | Individual and Family Social Services | 1.00 |
| 8331 | Job Training and Vocational Rehabilitation Services | 1.00 |
| 8351 | Child Day Care Services | 1.00 |
| 8361 | Residential Care | 1.15 |
| 8399 | Social Services, NEC | 1.00 |
| 8412 | Museums and Art Galleries | 1.05 |
| 8422 | Arboreta and Botanical or Zoological Gardens | 1.05 |
| 8611 | Business Associations | 1.15 |
| 8621 | Professional Membership Organizations | 1.15 |
| 8631 | Labor Unions and Similar Labor Organizations | 1.15 |
| 8641 | Civic, Social, and Fraternal Associations | 1.15 |
| 8651 | Political Organizations | 1.15 |
| 8661 | Religious Organizations | 1.15 |
| 8699 | Membership Organizations, NEC | 1.10 |
| 8711 | Engineering Services | 0.90 |
| 8712 | Architectural Services | 0.90 |
| 8713 | Surveying Services | 0.90 |
| 8721 | Accounting, Auditing, and Bookkeeping Services | 0.90 |
| 8731 | Commercial Physical and Biological Research | 0.95 |
| 8732 | Commercial Economic, Sociological, and Educational Research | 0.95 |
| 8733 | Noncommercial Research Organizations | 0.95 |
| 8734 | Testing Laboratories | 0.90 |
| 8741 | Management Services | 0.95 |
| 8742 | Management Consulting Services | 0.90 |
| 8743 | Public Relations Services | 1.05 |
| 8744 | Facilities Support Management Services | 0.95 |
| 8748 | Business Consulting Services, NEC | 0.90 |
| 8811 | Private Households | 1.15 |
| 8999 | Services, NEC | 0.95 |
| 9111 | Executive Offices | 1.15 |
| 9121 | Legislative Bodies | 1.15 |
| 9131 | Executive and Legislative Offices, Combined | 1.15 |
| 9199 | General Government, NEC | 1.15 |
| 9211 | Courts | 1.15 |
| 9221 | Police Protection | 1.15 |
| 9222 | Legal Counsel and Prosecution | 1.15 |
| 9223 | Correctional Institutions | 1.15 |
| 9224 | Fire Protection | 1.15 |
| 9229 | Public Order and Safety, NEC | 1.15 |
| 9311 | Public Finance, Taxation, and Monetary Policy | 1.15 |
| 9411 | Administration of Educational Programs | 1.15 |
| 9431 | Administration of Public Health Programs | 1.15 |

Appendix A

| SIC Codes and Industry Factors | | |
|--------------------------------|---|--------|
| SIC | SIC Description | SIC Fx |
| 9441 | Administration of Social, Human Resource and Income Maintenance Programs | 1.15 |
| 9451 | Administration of Veterans' Affairs, Except Health Insurance | 1.15 |
| 9511 | Air and Water Resource and Solid Waste Management | 1.15 |
| 9512 | Land, Mineral, Wildlife, and Forest Conservation | 1.15 |
| 9531 | Administration of Housing Programs | 1.15 |
| 9532 | Administration of Urban Planning and Community and Rural Development | 1.15 |
| 9611 | Administration of General Economic Programs | 1.15 |
| 9621 | Regulation and Administration of Transportation Programs | 1.10 |
| 9631 | Regulation and Administration of Communications, Electric, Gas, and Other Utilities | 1.15 |
| 9641 | Regulation of Agricultural Marketing and Commodities | 1.15 |
| 9651 | Regulation, Licensing, and Inspection of Miscellaneous Commercial Sectors | 1.15 |
| 9661 | Space Research and Technology | 1.15 |
| 9711 | National Security | 1.15 |
| 9721 | International Affairs | 1.15 |

Appendix B

| Demographic Adjustment Factors | | | | | | | | | | |
|--------------------------------|-----|---------|---------|---------|---------|---------|----------|---------|---------|---------|
| | | Male | | | | | | | | |
| TIER | Age | 2T S | 3T S | 4T S | 3T D | 4T D | 4T PC | 2T F | 3T F | 4T F |
| 0 - 24 | | 0.327 | 0.327 | 0.327 | 1.212 | 1.296 | 1.142 | 1.669 | 2.435 | 2.554 |
| 25 - 29 | | 0.391 | 0.391 | 0.391 | 1.305 | 1.439 | 1.193 | 1.986 | 2.536 | 2.670 |
| 30 - 34 | | 0.479 | 0.479 | 0.479 | 1.369 | 1.579 | 1.260 | 2.266 | 2.599 | 2.736 |
| 35 - 39 | | 0.588 | 0.588 | 0.588 | 1.429 | 1.697 | 1.373 | 2.370 | 2.587 | 2.722 |
| 40 - 44 | | 0.728 | 0.728 | 0.728 | 1.617 | 1.914 | 1.477 | 2.471 | 2.663 | 2.787 |
| 45 - 49 | | 0.929 | 0.929 | 0.929 | 2.000 | 2.254 | 1.664 | 2.704 | 2.946 | 3.065 |
| 50 - 54 | | 1.274 | 1.274 | 1.274 | 2.603 | 2.765 | 1.977 | 3.069 | 3.404 | 3.508 |
| 55 - 59 | | 1.632 | 1.632 | 1.632 | 3.233 | 3.318 | 2.291 | 3.457 | 3.879 | 3.966 |
| 60 - 64 | | 2.145 | 2.145 | 2.145 | 4.029 | 4.073 | 2.796 | 4.097 | 4.449 | 4.510 |
| 65 - 199 | | 2.982 | 2.982 | 2.982 | 5.270 | 5.287 | 3.682 | 5.280 | 5.411 | 5.603 |

| | | Female | | | | | | | | |
|----------|-----|---------|---------|---------|---------|---------|----------|---------|---------|---------|
| TIER | Age | 2T S | 3T S | 4T S | 3T D | 4T D | 4T PC | 2T F | 3T F | 4T F |
| 0 - 24 | | 0.657 | 0.657 | 0.657 | 1.352 | 1.026 | 1.678 | 1.585 | 2.166 | 2.160 |
| 25 - 29 | | 0.893 | 0.893 | 0.893 | 1.502 | 1.329 | 1.809 | 1.897 | 2.365 | 2.469 |
| 30 - 34 | | 1.036 | 1.036 | 1.036 | 1.635 | 1.574 | 1.909 | 2.206 | 2.512 | 2.650 |
| 35 - 39 | | 1.057 | 1.057 | 1.057 | 1.662 | 1.769 | 1.878 | 2.287 | 2.519 | 2.687 |
| 40 - 44 | | 1.110 | 1.110 | 1.110 | 1.770 | 2.052 | 1.852 | 2.391 | 2.641 | 2.833 |
| 45 - 49 | | 1.274 | 1.274 | 1.274 | 2.166 | 2.516 | 1.973 | 2.688 | 3.012 | 3.222 |
| 50 - 54 | | 1.498 | 1.498 | 1.498 | 2.751 | 3.045 | 2.159 | 3.070 | 3.469 | 3.683 |
| 55 - 59 | | 1.738 | 1.738 | 1.738 | 3.415 | 3.620 | 2.349 | 3.557 | 4.018 | 4.214 |
| 60 - 64 | | 2.076 | 2.076 | 2.076 | 4.223 | 4.357 | 2.661 | 4.253 | 4.596 | 4.839 |
| 65 - 199 | | 2.522 | 2.522 | 2.522 | 5.277 | 5.359 | 3.224 | 5.276 | 5.274 | 6.205 |

| Average Contract Size | | | | | | | | | | |
|-----------------------|-----|---------|---------|---------|---------|---------|----------|---------|---------|---------|
| | | Male | | | | | | | | |
| TIER | Age | 2T S | 3T S | 4T S | 3T D | 4T D | 4T PC | 2T F | 3T F | 4T F |
| 0 - 24 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.143 | 2.521 | 3.389 | 3.438 |
| 25 - 29 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.415 | 2.944 | 3.704 | 3.758 |
| 30 - 34 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.656 | 3.456 | 3.996 | 4.071 |
| 35 - 39 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.851 | 3.779 | 4.183 | 4.280 |
| 40 - 44 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.840 | 3.793 | 4.200 | 4.297 |
| 45 - 49 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.743 | 3.544 | 4.072 | 4.151 |
| 50 - 54 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.580 | 3.060 | 3.825 | 3.873 |
| 55 - 59 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.417 | 2.548 | 3.583 | 3.607 |
| 60 - 64 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.375 | 2.233 | 3.462 | 3.460 |
| 65 - 199 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.500 | 2.114 | 3.444 | 3.500 |

| | | Female | | | | | | | | |
|----------|-----|---------|---------|---------|---------|---------|----------|---------|---------|---------|
| TIER | Age | 2T S | 3T S | 4T S | 3T D | 4T D | 4T PC | 2T F | 3T F | 4T F |
| 0 - 24 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.227 | 2.405 | 3.417 | 3.500 |
| 25 - 29 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.415 | 2.726 | 3.583 | 3.706 |
| 30 - 34 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.674 | 3.178 | 3.819 | 3.972 |
| 35 - 39 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.816 | 3.425 | 3.948 | 4.147 |
| 40 - 44 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.750 | 3.355 | 3.907 | 4.084 |
| 45 - 49 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.602 | 3.091 | 3.773 | 3.904 |
| 50 - 54 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.433 | 2.698 | 3.565 | 3.638 |
| 55 - 59 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.259 | 2.316 | 3.341 | 3.368 |
| 60 - 64 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.143 | 2.093 | 3.143 | 3.167 |
| 65 - 199 | | 1.000 | 1.000 | 1.000 | 2.000 | 2.000 | 2.500 | 2.129 | 3.333 | 3.500 |

The demographic factor input into Exhibit A of the Experience Rating Formula is determined by dividing the average subscriber demographic factor by the weighted average number of members per contract (using the demographic factors and average contract size from the tables above).

Appendix C

HRA/HSA Deductible Funding Adjustment Factors

| Single Deductible | 51%-75% Funding | | 76%-100% Funding | |
|------------------------------|------------------------|------------|-------------------------|------------|
| | HRA | HSA | HRA | HSA |
| \$1,000 | 1.20% | 0.60% | 2.40% | 1.20% |
| \$1,250 | 1.30% | 0.70% | 2.60% | 1.40% |
| \$1,500 | 1.30% | 0.80% | 2.70% | 1.60% |
| \$1,750 | 1.40% | 0.90% | 2.80% | 1.80% |
| \$2,000 | 1.50% | 1.00% | 2.90% | 2.00% |
| \$2,250 | 1.90% | 1.10% | 3.70% | 2.20% |
| \$2,500 | 2.30% | 1.20% | 4.50% | 2.40% |
| \$2,750 | 2.70% | 1.30% | 5.30% | 2.70% |
| \$3,000 | 3.10% | 1.50% | 6.10% | 2.90% |
| \$3,250 | 3.10% | 1.40% | 6.10% | 2.80% |
| \$3,500 | 3.10% | 1.30% | 6.10% | 2.70% |
| \$3,750 | 3.10% | 1.30% | 6.10% | 2.60% |
| \$4,000 | 3.10% | 1.20% | 6.10% | 2.40% |
| \$4,250 | 2.90% | 1.20% | 5.90% | 2.30% |
| \$4,500 | 2.80% | 1.10% | 5.70% | 2.20% |
| \$4,750 | 2.70% | 1.00% | 5.40% | 2.10% |
| \$5,000 | 2.60% | 1.00% | 5.20% | 2.00% |

MVP Health Plan (“MVPHP”) Experience Rated Addendum – 1Q/2Q 2017 Effective Dates

This document is an Addendum to MVP’s 1Q/2Q 2017 Manual Rate Filing and Experience Rating Formula for products sold to employer groups with 100 or more employees in the State of Vermont under MVP’s HMO license. This addendum and its appendices outline the rating factors discussed in the Experience Rating Formula. These factors are being filed as an addendum to the Manual Rate and Formula filings so they can be updated as deemed necessary by MVP without having to re-file the rating methodology.

Whenever possible, the rating factors contained herein will be based on actual MVP experience or they will be normalized to MVP’s population.

BASE MANUAL RATES

Please see Exhibits 4a (base manual rates), 4b (medical riders), and 4c (Rx riders) of the accompanying manual rate filing for the net PMPMs of plans and riders being offered by MVP for 1Q/2Q 2017 effective dates.

SIC FACTORS

The industry factors in Appendix A will be applied to the manual rates based on the employer’s industry.

DEMOGRAPHIC FACTORS

To more closely resemble the health risk of the employer’s insured population, the manual pure premium will be adjusted to reflect differences in the demographic characteristics of a specific employer group compared to MVP’s community pool for the chosen product. This demographic factor will be applied to both the base rate and riders.

With respect to the employer specific experience rate, there may be a situation where MVP will be the sole health plan offering and be required to adjust the experience to reflect anticipated health characteristics of the entire group versus just MVP’s members who were enrolled in the previous year under a slice product offering. In this situation, MVP will develop a demographic factor relative of the entire group and compare that to the demographics of their existing employer membership.

The demographic factors are in Appendix B. A per member demographic factor is calculated as the weighted average subscriber age/sex factor / weighted average subscriber average contract size.

HRA/HSA DEDUCTIBLE FUNDING FACTORS

The additional risk charge applies when a group funds a plan deductible. The charge is intended to account for the anticipated increase in utilization of services due to the resulting ‘first dollar’ coverage provided. The manual rate adjustment factors are in Appendix C.

POOLING CHARGES

Each group is charged a pooling fee and fee-for-service medical and Rx claims above the applicable attachment point are removed from their claim data. The charge is based on the following table:

| Pooling Level | 2017 Pooling Charge |
|---------------|---------------------|
| \$80,000 | 11.98% |
| \$85,000 | 11.11% |
| \$90,000 | 10.37% |
| \$100,000 | 9.16% |
| \$125,000 | 7.14% |
| \$150,000 | 5.75% |
| \$175,000 | 4.70% |
| \$200,000 | 3.94% |
| \$250,000 | 2.91% |
| \$300,000 | 2.16% |
| \$350,000 | 1.68% |
| \$400,000 | 1.26% |
| \$450,000 | 0.84% |
| \$500,000 | 0.52% |

Group size will be considered when selecting the appropriate pooling charge. The max pool level is the maximum amount MVP will allow for a given group size:

| Avg. Subscribers | Max Pool Level |
|------------------|----------------|
| Up to 299 | \$100,000 |
| 300-499 | \$150,000 |
| 500-999 | \$200,000 |
| 1,000-1,499 | \$250,000 |
| 1,500-2,499 | \$350,000 |
| 2,500 and up | \$450,000 |

TREND FACTORS

The following trends are used to project historical experience of the group to the proposed rating period. Exhibit 1 and Exhibit 2 are developed by applying the appropriate pro-rated calendar year trend factors from the midpoint of the experience period to the midpoint of the rating period. Paid trends are calculated by multiplying the applicable allowed trend times the leveraging factor.

| Year | Allowed Medical Trend | Pharmacy Trend |
|---------------|-----------------------|----------------|
| 2015 | 4.2% | 11.8% |
| 2016 | 1.3% | 9.5% |
| 2017 | 3.5% | 13.2% |
| 2018 & Beyond | 3.5% | 13.6% |

| | |
|--------------------------|------|
| Annual Leveraging Factor | 0.1% |
|--------------------------|------|

NETWORK ADJUSTMENT FACTOR

This adjustment reflects changes with respect to the differences in network providers, contractual provider reimbursement rates, the degree of medical management for MVP versus other carriers, gatekeeper versus no gatekeeper, and referral versus open access. For those accounts enrolled in MVP, this factor will primarily represent differences in provider contractual arrangements. If the experience is coming from another carrier, the adjustment may reflect all of the items above. MVP will make every effort to develop actuarial adjustments that properly determine the appropriate factor to reflect the expected experience of the group.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

BENEFIT ADJUSTMENT FACTOR

The purpose of the benefit adjustment is to reflect any difference between the benefits inherent in the group's historical claims experience period and the group's expected benefit plan for the prospective benefit period. This includes medical benefits and pharmacy benefits.

Based on filed manual rates, the underwriter will determine the value of the benefit adjustment factor by analyzing the actuarial equivalent difference in benefits. As it relates to a new group having experience from another carrier, the underwriter will use their best efforts to match up prior benefits to a currently filed benefit to determine the actuarial equivalent difference in benefits. In some cases, this may require interpolating between two manual rates, extrapolating from the filed manual rates, using other sources such as the Milliman USA guidelines, or other internal pricing models.

Other adjustments in this category may include benefit mandates. That is, mandated benefits that will be included in the future benefits, but not reflected in the group's experience.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

PHARMACY REBATE FACTOR

Pharmacy rebates are received periodically. The pharmacy rebate factor of 0.87 is used to account for this reduction in pharmacy costs. This reduction will only apply if the paid pharmacy claims do not already reflect pharmacy rebates. In the case where the employer group is not a MVP group, the underwriter will determine if the claims data provided includes or excludes rebates from the other carrier.

PERIOD WEIGHT

Period Weight is determined by the underwriter. The underwriters follow a general protocol for deriving the weights to apply for the Period Weight portion of the experience rating formula. Most groups are rated using 12 months of historical data and therefore, the period weights are not applicable. For the smaller of the large groups, the underwriter will consider extending the historical look back to 24 months if the data is available in order to provide a more stable block of data from which to do the rating. In these cases, the underwriter will generally give an 80% weight to the most recent 12 months of data and a 20% weight to the prior period of data. These weights may vary and could be 50% / 50% if the underwriter feels more weight should be given to the older data. This may be the case if the current 12 months are exceptionally higher or lower than the prior period.

CREDIBILITY WEIGHT

Based on MVP's product guidelines for offering a prospective experience rate, an employer must have (or project) a minimum of 100 eligible employees for the proposed rating period. However, consistent with industry rating practices, smaller sized experience rated groups should not be considered as producing 100% credible claims information. To protect the employer from significant rate fluctuation from year to year, MVP will be applying a credibility weight to the group's claim experience.

In determining a group's quoted rate, a weight will be given to the group's claims experience based on the number of member months in the experience period. The complement of the weight will be applied to the manual rate. The blended rate is one that will be quoted to the employer group. Below are the base credibility weightings:

| Member Month Range | Credibility Factor |
|--------------------|--------------------|
| 0 to 599 | 0% |
| 600 to 2,400 | 20% |
| 2,401 to 3,700 | 30% |
| 3,701 to 4,900 | 40% |
| 4,901 to 6,100 | 50% |
| 6,101 to 7,300 | 60% |
| 7,301 to 8,500 | 70% |
| 8,501 to 9,700 | 80% |
| 9,701 to 12,200 | 90% |
| 12,201 and over | 100% |

These experience credibility weightings can be adjusted downward based on the underwriter's judgment in the following circumstances:

The employer group has provided less than 12 months of incurred claims data or data is not provided for all services or employees – Generally, a minimum of one full calendar year of incurred claims data for all populations and covered services included in the quote is desired to underwrite a case. In the event less than 12 months of data is available, the underwriter can adjust the credibility table downward, not to be less than 0%.

The employer group has had membership change by 50% or more since the experience period – With a significant membership change, the historical claims experience may no longer represent the group's current population. If the membership has changed by more than 50% from the experience period to the rating period, the underwriter may override the table above to reduce credibility downward, not to be less than 0%.

The most recent experience data provided is too old – Generally, from the mid-point of the experience period to the mid-point of the rating period should not be older than 24 months. If the more recent period of data is older than 24 months, the underwriter may adjust the credibility table downward, not to be less than 0%.

MVP may also make an upward adjustment to the table if the group has a favorable group risk assessment. The credibility percentage will never exceed 100%.

MANUAL RATE CAP

For groups with over 100 subscribers, when the group's manual rate exceeds 115% of the experience rate or is 85% or less of the experience rate, the manual rate is capped at 115% and 85% of the experience rate, respectively, prior to the blending of the experience and manual rates using the credibility table above.

UNDERWRITING JUDGMENT/GROUP RISK ASSESSMENT

Underwriting judgment will be used by the underwriter in determining inputs to the rating formula or to modify the result depending on the circumstances of the case, the data available, or the quality of the available data.

Adjustments may be made due to items such as poor claim and enrollment experience data being presented for new groups, the group's claim trend being historically different than the averages, variability in claims experience, participation levels/group size changes, plan sponsor contribution levels, number of plan offerings, plan sponsor and covered population stability, and plan sponsor persistency. Adjustments may be both positive and negative, but will not be larger than 10% in either direction.

NETWORK ACCESS FEES AND OTHER FEES

MVP has a contracted network access fee with a rental network in the event a group has members that live outside of MVP's service area. The net access fee is \$0 PEPM for just those subscribers who live outside of the service area.

COVERED LIVES ASSESSMENT

This is a New York State assessment passed on to groups in premium rates. The 2017 rates have not been finalized but are assumed to be a 5% increase over 2016 rates.

| Region | 2017 Proposed | |
|-----------------|---------------|---------|
| | Individual | Family |
| New York City | \$17.75 | \$58.57 |
| Long Island | \$5.90 | \$19.47 |
| Northern Metro | \$3.41 | \$11.26 |
| Northeastern | \$3.75 | \$12.38 |
| Utica/Watertown | \$0.89 | \$2.96 |
| Central | \$5.29 | \$17.46 |
| Rochester | \$10.08 | \$33.26 |
| Western | \$3.62 | \$11.95 |

MVP will calculate the CLA with the group information that is available. For example, on a new business case, the number of single contracts by location may not be available. In that case, the CLA may have to be estimated based on the group's overall number single and family contracts and assume the same ratio exists in each region.

HCRA ASSESSMENT

This is another New York State assessment based on Hospital claims. A charge of 0.25% will be applied to the experience of new business quotes; this is consistent with the amount reflected in the manual portion of the rate.

RETENTION EXPENSES

Non-claim cost expenses must be added to the premium rates and can be per member per month (PMPM) charges, percent of paid claim charges, or percent of premium charges. The following tables reflect the retention loads:

Percent of Premium Retention:

General Administration = 9.7%

Bad Debt = 0.25%

Broker Loads = group specific

Percent of Premium Taxes/Fees:

Contribution to Surplus = 2.0%

VT Vaccine Assessment = 0.5%

Insurer Tax = 0.0% for 2017 coverage dates; 2.0% for 2018 coverage dates

Percent of Paid Claim Surcharges:

VT Paid Claims Surcharge = 0.999%

PMPM Retention

PMPM = \$0

PMPM Taxes/Assessments:

Health Care Advocate Assessment = \$0.49

Comparative Effectiveness Research Tax = \$0.20

EMPLOYER SPECIFIC PREMIUM RATES

The experience rating formula filing details the calculation of employer specific premium rates by using employer specific information. In the event the employer group cannot supply sufficient information to calculate employer specific conversion factors, the following community load ratios will be used:

- Single=1.0
- Double=2.0
- Family 2 tier=2.5
- Family 3 tier=2.6
- Family 4 tier= 2.8
- Parent Child 4 tier= 1.9

RETROSPECTIVE RATING

The risk charges for a group choosing to be rated retrospectively are outlined below:

(NO DEFICIT CARRY FORWARD/80% SURPLUS REFUND FOR GROUPS 251+, 50% REFUND FOR GROUPS LESS THAN 251)

- Groups with 1,000+ enrolled subscribers = 1.01
- Groups with 251-999 enrolled subscribers = 1.01
- Groups with 51-250 enrolled subscribers = 1.01

MINIMUM PREMIUM FUNDING ARRANGMENTS

The following table shows the Claims Fluctuation Margin (CFM) available for groups of different sizes. The appropriate level of CFM will depend on the group’s size and risk assessment. Groups that are smaller with a higher risk assessment will have a higher CFM. Because of the risk involved with minimum premium funding, at the smaller group size, the underwriter will use judgment to determine if minimum premium funding is allowed.

| Group Size | CFM |
|------------|---------------------|
| 100-249 | 120%, 125%, or 130% |
| 249-499 | 115%, 120%, or 125% |
| 500-999 | 110%, 115%, or 120% |
| 1,000+ | 105%, 110%, or 115% |

NEW BUSINESS DISCOUNT

Due to the variances in information available for use in rating prospects, MVP is introducing the following additional adjustments to be used in developing new business proposals. The discount will apply to currently insured accounts that will offer MVP on a total replacement basis and have non-Medicare retiree enrollment of less than 5% of the total group enrollment.

Rate reduction of 5.0% will be applied if group meets the following criteria:

- *Demographic Factor <=1.10
- *Participation >70% of total employees being offered coverage
- *Employer Contribution > =50% of single rate of richest plan to all plans/tiers
- *Employer Deductible Funding not greater than 70% of the In-Network Deductible
- *One carrier prior 2 years
- *For accounts with <100 enrolled contracts quoted without claims data, documented incumbent Carrier Initial Renewal <12% (not from a rate cap)

Rate reduction of 8.0% will be applied if group meets the above list in addition to the following:

- *Employer Deductible Funding not greater than 50% of the In-Network Deductible
- *Enrollment decline of less than 15% in past 12 months
- *One carrier for prior 3 years

Discount Recovery:

| Year 1 Discount | Year 2 Discount | Year 3 Discount |
|-----------------|-----------------|-----------------|
| 5.0% | 3.5% | 2.0% |
| 8.0% | 6.0% | 4.0% |

Employer groups will be required to provide documentation showing the criteria are met or sign an affidavit supporting the statement.

ACTUARIAL CERTIFICATION

I believe the rating factors described herein are consistent with industry norms, follows sound actuarial and underwriting principals, and the rating factors used and documented in the Experience Rating Addendum are reasonable relative to MVP's book of business and industry norms.

I have reviewed the provisions of Vermont Insurance Law. It is my opinion that this rating formula complies with the requirements of those provisions.



Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care



MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing

Large Group VT HMO AR44 Rate Filing
For Effective Dates Beginning Between January 1, 2017 - December 31, 2017

- Exhibit 1 -- Summary of Medical Coplans Offered
- Exhibit 2a -- 1Q 2017 Pricing Trend Assumptions
- Exhibit 2b -- 1Q 2017 Rx Paid Trend Development
- Exhibit 2c -- 2Q 2017 Pricing Trend Assumptions
- Exhibit 2d -- 2Q 2017 Rx Paid Trend Development
- Exhibit 3a -- 1Q 2017 Claim Projection and Proposed Rate Change
- Exhibit 3b -- 2Q-4Q 2017 Claim Projection and Proposed Rate Change
- Exhibit 4a -- Medical Manual Rates
- Exhibit 4b -- Medical Rider Rates
- Exhibit 4c -- Rx Rider Rates

| |
|--|
| Exhibit 1 -- Summary of Medical Coplans Offered |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - December 31, 2017

| Coplan | Product Type | In-Network Benefits | | | | | | | | | | Out-of-Network Benefits | | | Pharmacy |
|--------------|--------------|---------------------|------|------------------|------|---------|-----|-----|-----|--------|---------|-------------------------|-----|---------|------------------|
| | | PCP | SCP | IP (Med/Surg) | ER | OP Surg | DME | Amb | Ded | Coins. | OOP Max | Coins | Ded | OOP Max | |
| Coplan 10 14 | HMO | \$10 | \$10 | \$240 | \$35 | \$10 | 20% | \$0 | \$0 | 0% | \$5,300 | N/A | N/A | N/A | Riders Available |
| Coplan 15 14 | HMO | \$15 | \$15 | \$240 | \$50 | \$100 | 20% | \$0 | \$0 | 0% | \$5,300 | N/A | N/A | N/A | Riders Available |
| Coplan 25 14 | HMO | \$25 | \$25 | \$500 | \$50 | \$100 | 20% | \$0 | \$0 | 0% | \$5,300 | N/A | N/A | N/A | Riders Available |

Exhibit 2a -- Pricing Trend Assumptions -- 1Q Projection

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| | |
|--------------------|-------------------------------------|
| Experience Period: | May 1, 2015 - April 30, 2016 |
| Rating Period: | January 1, 2017 - December 31, 2017 |

| Months of Trend | 2016 | 2017 | 2018 | Total |
|-----------------|------|------|------|-------|
| | 8 | 12 | 0 | 20 |

Medical Trend Summary

2016 Annual Trend

| | % of Allowed | | | |
|----------------------|--------------|-----------|-------------|-------|
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.2% | 4.1% | 0.0% | 4.1% |
| OP and Other Med | 49.7% | 3.5% | 0.0% | 3.5% |
| PHY | 34.1% | -3.1% | 0.0% | -3.1% |
| Medical Total | | 1.3% | 0.0% | 1.3% |

2017 Annual Trend

| | % of Allowed | | | |
|----------------------|--------------|-----------|-------------|-------|
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.5% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.4% | 4.4% | 0.0% | 4.4% |
| PHY | 33.1% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

2018 Annual Trend

| | % of Allowed | | | |
|----------------------|--------------|-----------|-------------|-------|
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.8% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.8% | 4.4% | 0.0% | 4.4% |
| PHY | 32.4% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

Leveraging Impact - Large Group HMO Fee-For-Service Medical Claims

| | | | | | |
|----------------------------|----------------|--------------------|--------------|-------------------|--------------|
| Member Months | 1,399 | | | | |
| | Allowed | Coinsurance | Copay | Deductible | Paid* |
| Experience Period: | \$438.13 | \$0.77 | \$12.57 | \$0.00 | \$424.79 |
| 20 Months of Trend: | 1,044 | 1,044 | 1,000 | 1,000 | 1,046 |
| Projection Period: | \$457.53 | \$0.80 | \$12.57 | \$0.00 | \$444.16 |
| Allowed Trend (Annual) | 2.6% | | | | |
| Paid Trend (Annual) | 2.7% | | | | |
| Leveraging (Annual) | 0.1% | | | | |

**Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3a unless these adjustments are taken into account.*

Rx Trend Summary

| | 2016 Trend | | 2017 Trend | | 2018 Trend | |
|-----------|------------|-------------|------------|-------------|------------|-------------|
| | Unit Cost | Utilization | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | -11.2% | 3.4% | -2.7% | 3.2% | -2.7% | 3.2% |
| Brand | 15.8% | -5.2% | 17.1% | -2.2% | 17.1% | -2.2% |
| Specialty | 8.2% | 9.5% | 9.1% | 8.1% | 9.1% | 8.1% |

| |
|--|
| Exhibit 2b -- Rx Trend Development - 1Q |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

Experience Period: May 1, 2015 - April 30, 2016

Paid Through: June 30, 2016

Member Months with Rx Benefit: 1,399

| Rx Claim Information | Generic | Brand | Specialty | Total |
|---|----------------|--------------|------------------|--------------|
| Experience Period Scripts / 1000 | 14,942 | 1,767 | 172 | 16,881 |
| Experience Period Allowed PMPM | \$22.56 | \$31.79 | \$14.97 | \$69.31 |
| Experience Period Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Experience Period Copay PMPM | \$6.46 | \$4.00 | \$0.31 | \$10.78 |
| Experience Period Coinsurance PMPM | \$0.00 | \$0.53 | \$0.00 | \$0.53 |
| Experience Period Cost Sharing PMPM | \$6.46 | \$4.53 | \$0.31 | \$11.30 |
| Experience Period Paid PMPM | \$16.10 | \$27.26 | \$14.65 | \$58.01 |
| Annual Util Trend | 1.033 | 0.966 | 1.087 | 1.026 |
| Annual Unit Cost Trend | 0.938 | 1.166 | 1.087 | 1.061 |
| Annual Deductible Trend | 1.000 | 1.000 | 1.000 | 1.000 |
| Annual Paid Trend | 0.942 | 1.148 | 1.183 | 1.103 |
| Months of Trend to Q1 2017 | 20 | 20 | 20 | 20 |
| Projected Scripts / 1000 as of Q1 2017 | 15,763 | 1,668 | 197 | 17,628 |
| Projected Allowed PMPM as of Q1 2017 | \$21.39 | \$38.74 | \$19.76 | \$79.89 |
| Projected Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Projected Copay PMPM | \$6.82 | \$3.77 | \$0.36 | \$10.95 |
| Projected Coinsurance PMPM | \$0.00 | \$0.64 | \$0.00 | \$0.64 |
| Projected Cost Sharing PMPM as of Q1 2017 | \$6.82 | \$4.42 | \$0.36 | \$11.60 |
| Projected Paid PMPM as of Q1 2017 | \$14.58 | \$34.32 | \$19.40 | \$68.29 |

Exhibit 2c -- Pricing Trend Assumptions -- 2Q Projection (Example)

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| | |
|--------------------|--------------------------------|
| Experience Period: | May 1, 2015 - April 30, 2016 |
| Rating Period: | April 1, 2017 - March 31, 2018 |

| | | | | |
|------------------------|-------------|-------------|-------------|--------------|
| Months of Trend | 2016 | 2017 | 2018 | Total |
| | 8 | 12 | 3 | 23 |

Medical Trend Summary

| 2016 Annual Trend | | | | |
|--------------------------|---------------|------------------|--------------------|--------------|
| % of Allowed | | | | |
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.2% | 4.1% | 0.0% | 4.1% |
| OP and Other Med | 49.7% | 3.5% | 0.0% | 3.5% |
| PHY | 34.1% | -3.1% | 0.0% | -3.1% |
| Medical Total | | 1.3% | 0.0% | 1.3% |

| 2017 Annual Trend | | | | |
|--------------------------|---------------|------------------|--------------------|--------------|
| % of Allowed | | | | |
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.5% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.4% | 4.4% | 0.0% | 4.4% |
| PHY | 33.1% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

| 2018 Annual Trend | | | | |
|--------------------------|---------------|------------------|--------------------|--------------|
| % of Allowed | | | | |
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.8% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.8% | 4.4% | 0.0% | 4.4% |
| PHY | 32.4% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

| Leveraging Impact - Large Group HMO Fee-For-Service Medical Claims | | | | | | |
|---|----------------|--------------------|--------------|-------------------|--------------|--|
| Member Months | 1,399 | | | | | |
| | Allowed | Coinsurance | Copay | Deductible | Paid* | |
| Experience Period: | \$438.13 | \$0.77 | \$12.57 | \$0.00 | \$424.79 | |
| 23 Months of Trend: | 1.053 | 1.053 | 1.000 | 1.000 | 1.055 | |
| Projection Period: | \$461.51 | \$0.81 | \$12.57 | \$0.00 | \$448.14 | |
| Allowed Trend (Annual) | 2.8% | | | | | |
| Paid Trend (Annual) | 2.8% | | | | | |
| Leveraging (Annual) | 0.1% | | | | | |

*Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3a unless these adjustments are taken into account.

Rx Trend Summary

| | 2015 Trend | | 2016 Trend | | 2017 Trend | |
|-----------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | Unit Cost | Utilization | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | -11.2% | 3.4% | -2.7% | 3.2% | -2.7% | 3.2% |
| Brand | 15.8% | -5.2% | 17.1% | -2.2% | 17.1% | -2.2% |
| Specialty | 8.2% | 9.5% | 9.1% | 8.1% | 9.1% | 8.1% |

| |
|--|
| Exhibit 2d -- Rx Trend Development - 2Q (Example) |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

Experience Period: May 1, 2015 - April 30, 2016

Paid Through: December 31, 2015

Member Months with Rx Benefit: 1,399

| <u>Rx Claim Information</u> | <u>Generic</u> | <u>Brand</u> | <u>Specialty</u> | <u>Total</u> |
|---|----------------|--------------|------------------|--------------|
| | 1 | 2 | 3 | |
| Experience Period Scripts / 1000 | 14,942 | 1,767 | 172 | 16,881 |
| Experience Period Allowed PMPM | \$22.56 | \$31.79 | \$14.97 | \$69.31 |
| Experience Period Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Experience Period Copay PMPM | \$6.46 | \$4.00 | \$0.31 | \$10.78 |
| Experience Period Coinsurance PMPM | \$0.00 | \$0.53 | \$0.00 | \$0.53 |
| Experience Period Cost Sharing PMPM | \$6.46 | \$4.53 | \$0.31 | \$11.30 |
| Experience Period Paid PMPM | \$16.10 | \$27.26 | \$14.65 | \$58.01 |
| Annual Util Trend | 1.032 | 0.975 | 1.082 | 1.027 |
| Annual Unit Cost Trend | 0.965 | 1.170 | 1.090 | 1.076 |
| Annual Deductible Trend | 1.000 | 1.000 | 1.000 | 1.000 |
| Annual Paid Trend | 0.981 | 1.163 | 1.182 | 1.120 |
| Months of Trend to Q2 2017 | 23 | 23 | 23 | 23 |
| Projected Scripts / 1000 as of Q2 2017 | 15,873 | 1,684 | 200 | 17,756 |
| Projected Allowed PMPM as of Q2 2017 | \$22.40 | \$40.92 | \$20.54 | \$83.85 |
| Projected Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Projected Copay PMPM | \$6.86 | \$3.81 | \$0.37 | \$11.04 |
| Projected Coinsurance PMPM | \$0.00 | \$0.68 | \$0.00 | \$0.68 |
| Projected Cost Sharing PMPM as of Q2 2017 | \$6.86 | \$4.49 | \$0.37 | \$11.72 |
| Projected Paid PMPM as of Q2 2017 | \$15.53 | \$36.43 | \$20.17 | \$72.13 |

| |
|--|
| Exhibit 3a -- Claim Projection & Proposed Rate Change |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| |
|---|
| LG HMO Claim Projection and Proposed Rate Change |
|---|

Experience Period: May 1, 2015 - April 30, 2016
Paid Through: June 30, 2016

| | |
|---|--------------|
| Experience Period Member Months | 1,399 |
| 1) Experience Period Medical Claims PMPM | \$418.35 |
| 1a) Claims in Excess of \$100k over Experience Period | \$0.00 |
| 1b) Pooling Charge | 1.0916 |
| 2) IBNR Factor | 1.015 |
| 3) Experience Period Incurred Medical Claims <i>= [1) - 1a)] * 1b) * 2)</i> | \$463.70 |
| 3a) Claims Settlement PMPM <i>Represents value of claims settlement for 2015 member months</i> | \$6.65 |
| 4) Annual Medical Trend <i>Includes Paid Leveraging</i> | 1.027 |
| 5) Months of Trend to Q1 2017 | 20 |
| 6a) Capitations and Non-FFS Claim Expenses | \$6.06 |
| 7) Trended Incurred Medical Claims PMPM as of Q1 2017 <i>= [[3) + 3a)] * 4) ^ [5) / 12] + 6a)]</i> | \$497.86 |
| 8) Experience Period Rx Claims PMPM | \$58.01 |
| 8a) Rx Claims in Excess of \$100k over Experience Period | \$0.00 |
| 8b) Pooling Charge | 1.0916 |
| 9) Annual Rx Trend <i>Includes Paid Leveraging</i> | 1.103 |
| 10) Months of Trend to Q1 2017 | 20 |
| 11) Trended Gross Rx Claims PMPM as of Q1 2017 <i>= [8) - 8a)] * 8b) * [9)] ^ [10) / 12]</i> | \$74.55 |
| 11a) Impact of Bill H559 | \$0.00 |
| 11b) Rx Rebates | (\$14.37) |
| 12) Trended Net Rx Claims PMPM as of Q1 2017 <i>= 11) + 11a) + 11b)</i> | \$60.18 |
| 13) Industry Normalization Factor | 1.111 |
| 13a) NY State HCRA Surcharge | 0.25% |
| 13b) Age/Gender Factor Normalization | 0.963 |
| 14) Total Claim Cost as of Q1 2017 <i>= [7) + 12)] * 13) * [1 + 13a)] * 13b)</i> | \$598.49 |
| 15) Projected Net Revenue Collected at Q4 2016 Rate Level <i>Based on distribution of experience period members</i> | \$522.39 |
| 16) Data Suggested Rate Change <i>= 14) / 15) - 1</i> | 14.6% |
| 17) MVP Proposed Rate Change over 4Q 2016 Rates <i>Equals one quarter of 2017 trend plus normalization for age/gender</i> | -2.6% |

| |
|--|
| Exhibit 3b -- Claim Projection & Proposed Rate Change |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| |
|---|
| LG HIC Claim Projection and Proposed Rate Change |
|---|

Experience Period: May 1, 2015 - April 30, 2016
Paid Through: December 31, 2015

| | |
|---|--------------|
| Experience Period Member Months | 1,399 |
| 1) Experience Period Medical Claims PMPM | \$418.35 |
| 1a) Claims in Excess of \$100k over Experience Period | \$0.00 |
| 1b) Pooling Charge | 1.0916 |
| 2) IBNR Factor | 1.015 |
| 3) Experience Period Incurred Medical Claims <i>= [1) - 1a)] * 1b) * 2)</i> | \$463.70 |
| 3a) Claims Settlement PMPM <i>Represents value of claims settlement for 2015 member months</i> | \$6.65 |
| 4) Annual Medical Trend <i>Includes Paid Leveraging</i> | 1.028 |
| 5) Months of Trend to Q2 2017 | 23 |
| 6a) Capitations and Non-FFS Claim Expenses | \$6.06 |
| 7) Trended Incurred Medical Claims PMPM as of Q2 2017 <i>= [[3) + 3a)] * 4) ^ [5) / 12] + 6a)]</i> | \$502.26 |
| 8) Experience Period Rx Claims PMPM | \$58.01 |
| 8a) Rx Claims in Excess of \$100k over Experience Period | \$0.00 |
| 8b) Pooling Charge | 1.0916 |
| 9) Annual Rx Trend <i>Includes Paid Leveraging</i> | 1.120 |
| 10) Months of Trend to Q2 2017 | 23 |
| 11) Trended Gross Rx Claims PMPM as of Q2 2017 <i>= [8) - 8a)] * 8b) * [9)] ^ [10) / 12]</i> | \$78.74 |
| 11a) Impact of Bill H559 | \$0.00 |
| 11b) Rx Rebates | (\$17.23) |
| 12) Trended Net Rx Claims PMPM as of Q2 2017 <i>= 11) + 11a) + 11b)</i> | \$61.51 |
| 13) Industry Normalization Factor | 1.111 |
| 13a) NY State HCRA Surcharge | 0.25% |
| 13b) Age/Gender Normalization Factor | 0.963 |
| 14) Total Claim Cost as of Q2 2017 <i>= [7) + 12)] * 13) * [1 + 13a)] * 13b)</i> | \$604.63 |
| 15) Projected Claim Cost Q1 2017 <i>Based on distribution of experience period members</i> | \$598.49 |
| 16) Proposed Quarterly Rate Change <i>Equals one quarter of 2017/2018 trend</i> | 1.1% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q1 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$472.46 | -2.6% | 1.6% | 4.1% |
| Coplan 15 14 | HMO | \$467.38 | -2.6% | 1.6% | 4.1% |
| Coplan 25 14 | HMO | \$455.32 | -2.6% | 1.6% | 4.1% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q2 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$477.66 | 1.1% | 2.7% | 5.3% |
| Coplan 15 14 | HMO | \$472.52 | 1.1% | 2.7% | 5.3% |
| Coplan 25 14 | HMO | \$460.33 | 1.1% | 2.7% | 5.3% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q3 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$482.91 | 1.1% | 0.5% | 3.1% |
| Coplan 15 14 | HMO | \$477.72 | 1.1% | 0.5% | 3.1% |
| Coplan 25 14 | HMO | \$465.39 | 1.1% | 0.6% | 3.1% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q4 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$488.22 | 1.1% | 0.6% | 3.2% |
| Coplan 15 14 | HMO | \$482.97 | 1.1% | 0.6% | 3.2% |
| Coplan 25 14 | HMO | \$470.51 | 1.1% | 0.7% | 3.2% |

| |
|---|
| Exhibit 4b -- Medical Riders (Q1 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.19 | -5.0% | 0.0% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 6.7% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 8.3% |
| R49-V | Disposable Medical Supplies | HMO | \$0.96 | -3.0% | 1.1% |
| R63-V | Foot Orthotics | HMO | \$1.01 | -2.9% | 1.0% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.26) | -2.3% | 1.6% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.15) | -2.5% | 1.8% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.56) | -1.8% | 1.8% |
| R170-V | Eyewear Benefits | HMO | \$3.35 | -2.6% | 1.5% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.69 | -2.8% | 1.5% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$6.73 | -2.6% | 1.7% |
| R222-V | Adult Preventative Dental | HMO | \$18.54 | -2.6% | 1.6% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$22.48 | -2.6% | 1.6% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$4.97 | -2.5% | 1.6% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.26 | -2.3% | 1.6% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

| |
|---|
| Exhibit 4b -- Medical Riders (Q2 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.19 | 0.0% | 0.0% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 6.7% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 8.3% |
| R49-V | Disposable Medical Supplies | HMO | \$0.97 | 1.0% | 2.1% |
| R63-V | Foot Orthotics | HMO | \$1.02 | 1.0% | 2.0% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.27) | 0.8% | 2.4% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.16) | 0.9% | 2.7% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.57) | 1.8% | 3.6% |
| R170-V | Eyewear Benefits | HMO | \$3.39 | 1.2% | 2.7% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.70 | 1.4% | 2.9% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$6.80 | 1.0% | 2.7% |
| R222-V | Adult Preventative Dental | HMO | \$18.74 | 1.1% | 2.7% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$22.73 | 1.1% | 2.8% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.02 | 1.0% | 2.7% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.27 | 0.8% | 2.4% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

| |
|---|
| Exhibit 4b -- Medical Riders (Q3 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.19 | 0.0% | -3.2% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 3.3% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 4.9% |
| R49-V | Disposable Medical Supplies | HMO | \$0.98 | 1.0% | -0.1% |
| R63-V | Foot Orthotics | HMO | \$1.03 | 1.0% | -0.3% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.28) | 0.8% | -0.1% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.17) | 0.9% | 0.2% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.58) | 1.8% | 2.1% |
| R170-V | Eyewear Benefits | HMO | \$3.43 | 1.2% | 0.6% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.71 | 1.4% | 1.1% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$6.87 | 1.0% | 0.5% |
| R222-V | Adult Preventative Dental | HMO | \$18.95 | 1.1% | 0.6% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$22.98 | 1.1% | 0.6% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.08 | 1.2% | 0.6% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.28 | 0.8% | -0.1% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

| |
|---|
| Exhibit 4b -- Medical Riders (Q4 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.19 | 0.0% | -5.0% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 0.0% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 0.0% |
| R49-V | Disposable Medical Supplies | HMO | \$0.99 | 1.0% | 0.0% |
| R63-V | Foot Orthotics | HMO | \$1.04 | 1.0% | 0.0% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.29) | 0.8% | 0.0% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.18) | 0.9% | 0.0% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.59) | 1.7% | 3.5% |
| R170-V | Eyewear Benefits | HMO | \$3.47 | 1.2% | 0.9% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.72 | 1.4% | 1.4% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$6.95 | 1.2% | 0.6% |
| R222-V | Adult Preventative Dental | HMO | \$19.16 | 1.1% | 0.7% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$23.23 | 1.1% | 0.6% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.14 | 1.2% | 0.8% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.29 | 0.8% | 0.0% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

| |
|--|
| Exhibit 4c -- Rx Riders (Q1 2017) |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|----------------------|-------------------------------------|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$32.66 | -2.6% | 1.6% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Fo | HMO | \$57.13 | -2.6% | 1.6% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Fc | HMO | \$51.36 | -2.6% | 1.6% |
| R256-V | \$10 Generic /30% Brand /50% Non- | HMO | \$42.61 | -2.6% | 1.6% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Fc | HMO | \$48.42 | -2.6% | 1.6% |
| R203-V w/ rider R257 | Adds \$100 Deductible | R203-V HMO | (\$5.01) | -2.5% | 1.6% |
| R234-V w/ rider R257 | Adds \$100 Deductible | R234-V HMO | (\$4.51) | -2.6% | 1.8% |
| R256-V w/ rider R257 | Adds \$100 Deductible | R256-V HMO | (\$3.71) | -2.6% | 1.6% |
| R264-V w/ rider R257 | Adds \$100 Deductible | R264-V HMO | (\$4.25) | -2.5% | 1.7% |
| R550L-V | Removes MAC Pricing | HMO | \$0.81 | -2.4% | 2.5% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.34 | -2.9% | 0.0% |

| |
|--|
| Exhibit 4c -- Rx Riders (Q2 2017) |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|-------------|--|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$33.02 | 1.1% | 2.7% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Formulary | HMO | \$57.76 | 1.1% | 2.7% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Formulary | HMO | \$51.92 | 1.1% | 2.7% |
| R256-V | \$10 Generic /30% Brand /50% Non-Formulary | HMO | \$43.08 | 1.1% | 2.7% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Formulary | HMO | \$48.95 | 1.1% | 2.7% |
| R203-V w/ r | Adds \$100 Deductible R203-V | HMO | (\$5.07) | 1.2% | 2.8% |
| R234-V w/ r | Adds \$100 Deductible R234-V | HMO | (\$4.56) | 1.1% | 2.9% |
| R256-V w/ r | Adds \$100 Deductible to R256-V | HMO | (\$3.75) | 1.1% | 2.7% |
| R264-V w/ r | Adds \$100 Deductible to R264-V | HMO | (\$4.30) | 1.2% | 2.9% |
| R550L-V | Removes MAC Pricing | HMO | \$0.82 | 1.2% | 3.8% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.34 | 0.0% | 0.0% |

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| Exhibit 4c -- Rx Riders (Q3 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|-------------|--|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$33.38 | 1.1% | 0.5% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Formulary | HMO | \$58.40 | 1.1% | 0.6% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Formulary | HMO | \$52.49 | 1.1% | 0.5% |
| R256-V | \$10 Generic /30% Brand /50% Non-Formulary | HMO | \$43.55 | 1.1% | 0.5% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Formulary | HMO | \$49.49 | 1.1% | 0.5% |
| R203-V w/ r | Adds \$100 Deductible R203-V | HMO | (\$5.13) | 1.2% | 0.8% |
| R234-V w/ r | Adds \$100 Deductible R234-V | HMO | (\$4.61) | 1.1% | 0.7% |
| R256-V w/ r | Adds \$100 Deductible to R256-V | HMO | (\$3.79) | 1.1% | 0.5% |
| R264-V w/ r | Adds \$100 Deductible to R264-V | HMO | (\$4.35) | 1.2% | 0.7% |
| R550L-V | Removes MAC Pricing | HMO | \$0.83 | 1.2% | 1.2% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.34 | 0.0% | -2.9% |

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| Exhibit 4c -- Rx Riders (Q4 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|-------------|--|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$33.75 | 1.1% | 0.7% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Formulary | HMO | \$59.04 | 1.1% | 0.7% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Formulary | HMO | \$53.07 | 1.1% | 0.6% |
| R256-V | \$10 Generic /30% Brand /50% Non-Formulary | HMO | \$44.03 | 1.1% | 0.6% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Formulary | HMO | \$50.03 | 1.1% | 0.6% |
| R203-V w/ r | Adds \$100 Deductible R203-V | HMO | (\$5.19) | 1.2% | 1.0% |
| R234-V w/ r | Adds \$100 Deductible R234-V | HMO | (\$4.66) | 1.1% | 0.6% |
| R256-V w/ r | Adds \$100 Deductible to R256-V | HMO | (\$3.83) | 1.1% | 0.5% |
| R264-V w/ r | Adds \$100 Deductible to R264-V | HMO | (\$4.40) | 1.1% | 0.9% |
| R550L-V | Removes MAC Pricing | HMO | \$0.84 | 1.2% | 1.2% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.34 | 0.0% | -2.9% |

Certification of Compliance

I hereby certify that I have reviewed the applicable filing requirements for this filing and the filing complies with all applicable statutory and regulatory provisions for the state of Vermont.

Print Name: Karla Austen **Title:** Chief Financial Officer & Executive Vice President

Signature: 

Date: 09/07/16



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphhealthcare.com

October 3, 2016

Mr. Kevin Rugeberg, A.S.A.
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2017 Vermont Large Group HMO Rate Filing
SERFF Tracking #: MVPH-130720563

Dear Mr. Rugeberg:

This letter is in response to your correspondence received 09/27/16 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. We note that the increases in administrative loads and demographic factors are increases to the rates, and are not reflected in the proposed 1.1% increase per quarter. Please quantify the rate impact of all proposed changes that would change premium revenue for a group relative to the approved 4Q16 rates.

Response: MVP would expect revenue to increase by approximately 4.1% over 4Q16 under the current proposed changes. This includes: 1.1% due to the manual rate change, 0.9% due to the normalization of the age/gender table, and 2.0% due to changes in the target loss ratio. In conjunction with question #2 below, should MVP decrease the manual rates by the age/gender normalization factor, the increase would be approximately 0.2% for revenue and the manual rate change would be a decrease of -2.7%.

2. Please explain why it is appropriate to apply both trend and a re-normalization of the demographic factors to a block with no experience. While we understand that the factors are consistent with the PPO filing, this methodology appears to conflict with MVP's stated objective of "increasing the approved 4th quarter 2016 manual rates by one quarter of projected trend".

Response: In the absence of credible data to support re-normalization of the demographic factors on a company by company basis, MVP has used its best estimate in setting the demographic factors for the HMO block assuming that our PPO block is equal to the potential market average demographic factor. MVP concedes that this could potentially adversely impact any new groups in the HMO market, increasing their premium rate above the manual rate (all else being equal). Since we would continue to use the demographic factors consistent with the PPO block, MVP would decrease the manual rates by the same 3.9% annual factor used in the HIC filing (0.9% for this filing as well as 2.9% from the previous filing) to make the adjustment revenue-neutral.

3. Please explain why the 2% of premium taxes included in the prior year's experience-rated addendum, and in the recently filed PPO filing, was removed in this filing.

Response: Because MVP files this on its HMO license (MVP Health Plan) instead of its HIC license (MVP Health Insurance Company), no premium taxes are paid for this line of business. MVP files two separate large group experience-rated addendums (one for each company) which removes the premium tax. Please see the addendums filed under SERFF tracking numbers MVPH-130467866 and MVPH-129877747 for examples of this.



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mvphhealthcare.com

If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Bachner".

Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphhealthcare.com

November 7, 2016

Mr. Kevin Ruggeberg, A.S.A.
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2017 Vermont Large Group HMO Rate Filing
SERFF Tracking #: MVPH-130720563

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 11/07/16 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. Please explain the 8.0% rate change entered on SERFF for this filing and how it ties to the quarterly rate change information provided.

Response: MVP's annual revenue change of 8.0% entered on SERFF is composed of three items: the annual change in the rate manual, the annual revenue change due to changes in the age/gender tables used to calculate a group's rate, and the annual revenue change due to changes in the target loss ratio. MVP has calculated the annual manual rate change at 5.5%, which includes a 3.3% quarterly change for 3Q 2016, a 1.0% quarterly change for 4Q 2016, and a 1.0% quarterly change for 1Q 2017. The annual revenue change due to age/gender normalization is 3.9%, which includes a 2.9% normalization for 3Q 2016 and a 1.0% normalization for 1Q 2017 (these are calculated semi-annually). The annual revenue change due to changes in the target loss ratio is calculated at -1.4%, which includes quarterly changes of -2.5%, -0.7%, and 2.0% for 3Q 2016, 4Q 2016, and 1Q 2017 respectively. Please see the following table which details these loss ratio changes by quarter:



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 Schenectady, NY 12301-2207
 mvphhealthcare.com

Derivation of Annual Revenue Change Based on Quarterly Admin & Age/Gender Changes

| | 3Q '16 / 4Q '15 | 4Q '16 / 3Q '16 | 1Q '17 / 4Q '16 | ANNUAL |
|---|-----------------|-----------------|-----------------|--------|
| Change in ACA Insurer Tax | -1.4% | -0.5% | -0.1% | -2.0% |
| Change in Broker Load | -0.5% | 0.0% | 0.0% | -0.5% |
| Change in Vaccine Assessment | -0.1% | 0.0% | 0.0% | -0.1% |
| Change in Admin % of Premium | -1.5% | 0.0% | 1.7% | 0.2% |
| Change in CTR | 1.0% | 0.0% | 0.0% | 1.0% |
| Change in Federal Reinsurance Fee PMPM | 0.3% | -0.1% | -0.1% | 0.1% |
| Change in PCORI Fee PMPM | 0.0% | 0.0% | 0.0% | 0.0% |
| Change in HCA Billback PMPM | 0.0% | 0.0% | 0.1% | 0.1% |
| Change in % of Premium Retention | -2.5% | -0.5% | 1.6% | -1.4% |
| Change in PMPM Retention | 0.3% | -0.1% | 0.1% | 0.2% |

| |
|----------------------------------|
| Q4 2015 Target Loss Ratio |
| 84.2% |

| |
|----------------------------------|
| Q1 2017 Target Loss Ratio |
| 85.4% |

Upon further email and phone discussions with L&E, we have determined that rounding errors were causing some discrepancies between the quarterly changes and the annual change for the target loss ratio. MVP has calculated that these changes will increase the annual revenue change by 0.2% and will update the SERFF rate change to 8.2% to account for this.

If you have any questions or require any additional information, please contact me at 518-386-7213.



625 State Street, PO Box 2207
Schenectady, NY 12301-2207
mvphealthcare.com

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bachner".

Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care

State: VermontGMCB
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS
Product Name: VT LG HMO Filing 2017
Filing Company: MVP Health Plan, Inc.
Project Name/Number: /

Superseded Schedule Items

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

| Creation Date | Schedule Item Status | Schedule | Schedule Item Name | Replacement Creation Date | Attached Document(s) |
|---------------|----------------------|---------------------|----------------------|---------------------------|---|
| 09/07/2016 | | Supporting Document | Actuarial Memorandum | 12/08/2016 | 1Q 2017 ACT MEMO HMO Large Group.pdf 2017 Experience Rating Formula Filing Exhibits A&B - Vermont.pdf MVP Health Care - Experience Formula effective 1.1.17_VT.pdf VT Experience Rated Addendum - 1Q 2017 HMO.pdf (Superseded) Appendices A- C - 1Q 2017.pdf VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) SERFF.xlsx (Superseded) VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) SERFF.pdf (Superseded) |

SERFF Tracking #:

MVPH-130720563

State Tracking #:

Company Tracking #:

State:

VermontGMCB

Filing Company:

MVP Health Plan, Inc.

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.003B Large Group Only - POS

Product Name:

VT LG HMO Filing 2017

Project Name/Number:

/

Attachment VT LG HMO Q1 - Q4 2017 Rate Filing(Exclude 51-100) SERFF.xlsx is not a PDF document and cannot be reproduced here.

MVP Health Care (“MVP”) Experience Rated Addendum – 1Q/2Q 2017 Effective Dates

This document is an Addendum to MVP’s 1Q/2Q 2017 Manual Rate Filing and Experience Rating Formula for products sold to employer groups with 100 or more employees in the State of Vermont. This addendum and its appendices outline the rating factors discussed in the Experience Rating Formula. These factors are being filed as an addendum to the Manual Rate and Formula filings so they can be updated as deemed necessary by MVP without having to re-file the rating methodology.

Whenever possible, the rating factors contained herein will be based on actual MVP experience or they will be normalized to MVP’s population.

BASE MANUAL RATES

Please see Exhibits 4a (base manual rates), 4b (medical riders), and 4c (Rx riders) of the accompanying manual rate filing for the net PMPMs of plans and riders being offered by MVP for 1Q/2Q 2017 effective dates.

SIC FACTORS

The industry factors in Appendix A will be applied to the manual rates based on the employer’s industry.

DEMOGRAPHIC FACTORS

To more closely resemble the health risk of the employer’s insured population, the manual pure premium will be adjusted to reflect differences in the demographic characteristics of a specific employer group compared to MVP’s community pool for the chosen product. This demographic factor will be applied to both the base rate and riders.

With respect to the employer specific experience rate, there may be a situation where MVP will be the sole health plan offering and be required to adjust the experience to reflect anticipated health characteristics of the entire group versus just MVP’s members who were enrolled in the previous year under a slice product offering. In this situation, MVP will develop a demographic factor relative of the entire group and compare that to the demographics of their existing employer membership.

The demographic factors are in Appendix B. A per member demographic factor is calculated as the weighted average subscriber age/sex factor / weighted average subscriber average contract size.

HRA/HSA DEDUCTIBLE FUNDING FACTORS

The additional risk charge applies when a group funds a plan deductible. The charge is intended to account for the anticipated increase in utilization of services due to the resulting ‘first dollar’ coverage provided. The manual rate adjustment factors are in Appendix C.

POOLING CHARGES

Each group is charged a pooling fee and fee-for-service medical and Rx claims above the applicable attachment point are removed from their claim data. The charge is based on the following table:

| Pooling Level | 2017 Pooling Charge |
|---------------|---------------------|
| \$80,000 | 11.98% |
| \$85,000 | 11.11% |
| \$90,000 | 10.37% |
| \$100,000 | 9.16% |
| \$125,000 | 7.14% |
| \$150,000 | 5.75% |
| \$175,000 | 4.70% |
| \$200,000 | 3.94% |
| \$250,000 | 2.91% |
| \$300,000 | 2.16% |
| \$350,000 | 1.68% |
| \$400,000 | 1.26% |
| \$450,000 | 0.84% |
| \$500,000 | 0.52% |

Group size will be considered when selecting the appropriate pooling charge. The max pool level is the maximum amount MVP will allow for a given group size:

| Avg. Subscribers | Max Pool Level |
|------------------|----------------|
| Up to 299 | \$100,000 |
| 300-499 | \$150,000 |
| 500-999 | \$200,000 |
| 1,000-1,499 | \$250,000 |
| 1,500-2,499 | \$350,000 |
| 2,500 and up | \$450,000 |

TREND FACTORS

The following trends are used to project historical experience of the group to the proposed rating period. Exhibit 1 and Exhibit 2 are developed by applying the appropriate pro-rated calendar year trend factors from the midpoint of the experience period to the midpoint of the rating period. Paid trends are calculated by multiplying the applicable allowed trend times the leveraging factor.

| Year | Allowed Medical Trend | Pharmacy Trend |
|---------------|-----------------------|----------------|
| 2015 | 4.2% | 11.8% |
| 2016 | 1.3% | 9.5% |
| 2017 | 3.5% | 13.2% |
| 2018 & Beyond | 3.5% | 13.6% |

| | |
|--------------------------|------|
| Annual Leveraging Factor | 0.1% |
|--------------------------|------|

NETWORK ADJUSTMENT FACTOR

This adjustment reflects changes with respect to the differences in network providers, contractual provider reimbursement rates, the degree of medical management for MVP versus other carriers, gatekeeper versus no gatekeeper, and referral versus open access. For those accounts enrolled in MVP, this factor will primarily represent differences in provider contractual arrangements. If the experience is coming from another carrier, the adjustment may reflect all of the items above. MVP will make every effort to develop actuarial adjustments that properly determine the appropriate factor to reflect the expected experience of the group.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

BENEFIT ADJUSTMENT FACTOR

The purpose of the benefit adjustment is to reflect any difference between the benefits inherent in the group's historical claims experience period and the group's expected benefit plan for the prospective benefit period. This includes medical benefits and pharmacy benefits.

Based on filed manual rates, the underwriter will determine the value of the benefit adjustment factor by analyzing the actuarial equivalent difference in benefits. As it relates to a new group having experience from another carrier, the underwriter will use their best efforts to match up prior benefits to a currently filed benefit to determine the actuarial equivalent difference in benefits. In some cases, this may require interpolating between two manual rates, extrapolating from the filed manual rates, using other sources such as the Milliman USA guidelines, or other internal pricing models.

Other adjustments in this category may include benefit mandates. That is, mandated benefits that will be included in the future benefits, but not reflected in the group's experience.

The development of such a factor will be documented in the underwriter's group file and will be made available to in Insurance Department's actuaries and/or examiners on request.

PHARMACY REBATE FACTOR

Pharmacy rebates are received periodically. The pharmacy rebate factor of 0.87 is used to account for this reduction in pharmacy costs. This reduction will only apply if the paid pharmacy claims do not already reflect pharmacy rebates. In the case where the employer group is not a MVP group, the underwriter will determine if the claims data provided includes or excludes rebates from the other carrier.

PERIOD WEIGHT

Period Weight is determined by the underwriter. The underwriters follow a general protocol for deriving the weights to apply for the Period Weight portion of the experience rating formula. Most groups are rated using 12 months of historical data and therefore, the period weights are not applicable. For the smaller of the large groups, the underwriter will consider extending the historical look back to 24 months if the data is available in order to provide a more stable block of data from which to do the rating. In these cases, the underwriter will generally give an 80% weight to the most recent 12 months of data and a 20% weight to the prior period of data. These weights may vary and could be 50% / 50% if the underwriter feels more weight should be given to the older data. This may be the case if the current 12 months are exceptionally higher or lower than the prior period.

CREDIBILITY WEIGHT

Based on MVP's product guidelines for offering a prospective experience rate, an employer must have (or project) a minimum of 100 eligible employees for the proposed rating period. However, consistent with industry rating practices, smaller sized experience rated groups should not be considered as producing 100% credible claims information. To protect the employer from significant rate fluctuation from year to year, MVP will be applying a credibility weight to the group's claim experience.

In determining a group's quoted rate, a weight will be given to the group's claims experience based on the number of member months in the experience period. The complement of the weight will be applied to the manual rate. The blended rate is one that will be quoted to the employer group. Below are the base credibility weightings:

| Member Month Range | Credibility Factor |
|--------------------|--------------------|
| 0 to 599 | 0% |
| 600 to 2,400 | 20% |
| 2,401 to 3,700 | 30% |
| 3,701 to 4,900 | 40% |
| 4,901 to 6,100 | 50% |
| 6,101 to 7,300 | 60% |
| 7,301 to 8,500 | 70% |
| 8,501 to 9,700 | 80% |
| 9,701 to 12,200 | 90% |
| 12,201 and over | 100% |

These experience credibility weightings can be adjusted downward based on the underwriter's judgment in the following circumstances:

The employer group has provided less than 12 months of incurred claims data or data is not provided for all services or employees – Generally, a minimum of one full calendar year of incurred claims data for all populations and covered services included in the quote is desired to underwrite a case. In the event less than 12 months of data is available, the underwriter can adjust the credibility table downward, not to be less than 0%.

The employer group has had membership change by 50% or more since the experience period – With a significant membership change, the historical claims experience may no longer represent the group's current population. If the membership has changed by more than 50% from the experience period to the rating period, the underwriter may override the table above to reduce credibility downward, not to be less than 0%.

The most recent experience data provided is too old – Generally, from the mid-point of the experience period to the mid-point of the rating period should not be older than 24 months. If the more recent period of data is older than 24 months, the underwriter may adjust the credibility table downward, not to be less than 0%.

MVP may also make an upward adjustment to the table if the group has a favorable group risk assessment. The credibility percentage will never exceed 100%.

MANUAL RATE CAP

For groups with over 100 subscribers, when the group's manual rate exceeds 115% of the experience rate or is 85% or less of the experience rate, the manual rate is capped at 115% and 85% of the experience rate, respectively, prior to the blending of the experience and manual rates using the credibility table above.

UNDERWRITING JUDGMENT/GROUP RISK ASSESSMENT

Underwriting judgment will be used by the underwriter in determining inputs to the rating formula or to modify the result depending on the circumstances of the case, the data available, or the quality of the available data.

Adjustments may be made due to items such as poor claim and enrollment experience data being presented for new groups, the group's claim trend being historically different than the averages, variability in claims experience, participation levels/group size changes, plan sponsor contribution levels, number of plan offerings, plan sponsor and covered population stability, and plan sponsor persistency. Adjustments may be both positive and negative, but will not be larger than 10% in either direction.

NETWORK ACCESS FEES AND OTHER FEES

MVP has a contracted network access fee with a rental network in the event a group has members that live outside of MVP's service area. The net access fee is \$0 PEPM for just those subscribers who live outside of the service area.

COVERED LIVES ASSESSMENT

This is a New York State assessment passed on to groups in premium rates. The 2017 rates have not been finalized but are assumed to be a 5% increase over 2016 rates.

| Region | 2017 Proposed | |
|-----------------|---------------|---------|
| | Individual | Family |
| New York City | \$17.75 | \$58.57 |
| Long Island | \$5.90 | \$19.47 |
| Northern Metro | \$3.41 | \$11.26 |
| Northeastern | \$3.75 | \$12.38 |
| Utica/Watertown | \$0.89 | \$2.96 |
| Central | \$5.29 | \$17.46 |
| Rochester | \$10.08 | \$33.26 |
| Western | \$3.62 | \$11.95 |

MVP will calculate the CLA with the group information that is available. For example, on a new business case, the number of single contracts by location may not be available. In that case, the CLA may have to be estimated based on the group's overall number single and family contracts and assume the same ratio exists in each region.

HCRA ASSESSMENT

This is another New York State assessment based on Hospital claims. A charge of 0.25% will be applied to the experience of new business quotes; this is consistent with the amount reflected in the manual portion of the rate.

RETENTION EXPENSES

Non-claim cost expenses must be added to the premium rates and can be per member per month (PMPM) charges, percent of paid claim charges, or percent of premium charges. The following tables reflect the retention loads:

Percent of Premium Retention:

General Administration = 9.7%

Bad Debt = 0.25%

Broker Loads = group specific

Percent of Premium Taxes/Fees:

Contribution to Surplus = 2.0%

VT Vaccine Assessment = 0.5%

Insurer Tax = 0.0% for 2017 coverage dates; 2.0% for 2018 coverage dates

Percent of Paid Claim Surcharges:

VT Paid Claims Surcharge = 0.999%

PMPM Retention

PMPM = \$0

PMPM Taxes/Assessments:

Health Care Advocate Assessment = \$0.49

Comparative Effectiveness Research Tax = \$0.20

EMPLOYER SPECIFIC PREMIUM RATES

The experience rating formula filing details the calculation of employer specific premium rates by using employer specific information. In the event the employer group cannot supply sufficient information to calculate employer specific conversion factors, the following community load ratios will be used:

Single=1.0
Double=2.0
Family 2 tier=2.5
Family 3 tier=2.6
Family 4 tier= 2.8
Parent Child 4 tier= 1.9

RETROSPECTIVE RATING

The risk charges for a group choosing to be rated retrospectively are outlined below:

(NO DEFICIT CARRY FORWARD/80% SURPLUS REFUND FOR GROUPS 251+, 50% REFUND FOR GROUPS LESS THAN 251)

Groups with 1,000+ enrolled subscribers = 1.01
Groups with 251-999 enrolled subscribers = 1.01
Groups with 51-250 enrolled subscribers = 1.01

MINIMUM PREMIUM FUNDING ARRANGMENTS

The following table shows the Claims Fluctuation Margin (CFM) available for groups of different sizes. The appropriate level of CFM will depend on the group's size and risk assessment. Groups that are smaller with a higher risk assessment will have a higher CFM. Because of the risk involved with minimum premium funding, at the smaller group size, the underwriter will use judgment to determine if minimum premium funding is allowed.

| Group Size | CFM |
|------------|---------------------|
| 100-249 | 120%, 125%, or 130% |
| 249-499 | 115%, 120%, or 125% |
| 500-999 | 110%, 115%, or 120% |
| 1,000+ | 105%, 110%, or 115% |

NEW BUSINESS DISCOUNT

Due to the variances in information available for use in rating prospects, MVP is introducing the following additional adjustments to be used in developing new business proposals. The discount will apply to currently insured accounts that will offer MVP on a total replacement basis and have non-Medicare retiree enrollment of less than 5% of the total group enrollment.

Rate reduction of 5.0% will be applied if group meets the following criteria:

- *Demographic Factor <=1.10
- *Participation >70% of total employees being offered coverage
- *Employer Contribution > =50% of single rate of richest plan to all plans/tiers
- *Employer Deductible Funding not greater than 70% of the In-Network Deductible
- *One carrier prior 2 years
- *For accounts with <100 enrolled contracts quoted without claims data, documented incumbent Carrier Initial Renewal <12% (not from a rate cap)

Rate reduction of 8.0% will be applied if group meets the above list in addition to the following:

- *Employer Deductible Funding not greater than 50% of the In-Network Deductible
- *Enrollment decline of less than 15% in past 12 months
- *One carrier for prior 3 years

Discount Recovery:

| Year 1 Discount | Year 2 Discount | Year 3 Discount |
|-----------------|-----------------|-----------------|
| 5.0% | 3.5% | 2.0% |
| 8.0% | 6.0% | 4.0% |

Employer groups will be required to provide documentation showing the criteria are met or sign an affidavit supporting the statement.

ACTUARIAL CERTIFICATION

I believe the rating factors described herein are consistent with industry norms, follows sound actuarial and underwriting principals, and the rating factors used and documented in the Experience Rating Addendum are reasonable relative to MVP's book of business and industry norms.

I have reviewed the provisions of Vermont Insurance Law. It is my opinion that this rating formula complies with the requirements of those provisions.



Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care



MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing

Large Group VT HMO AR44 Rate Filing
For Effective Dates Beginning Between January 1, 2017 - December 31, 2017

- Exhibit 1 -- Summary of Medical Coplans Offered
- Exhibit 2a -- 1Q 2017 Pricing Trend Assumptions
- Exhibit 2b -- 1Q 2017 Rx Paid Trend Development
- Exhibit 2c -- 2Q 2017 Pricing Trend Assumptions
- Exhibit 2d -- 2Q 2017 Rx Paid Trend Development
- Exhibit 3a -- 1Q 2017 Claim Projection and Proposed Rate Change
- Exhibit 3b -- 2Q-4Q 2017 Claim Projection and Proposed Rate Change
- Exhibit 4a -- Medical Manual Rates
- Exhibit 4b -- Medical Rider Rates
- Exhibit 4c -- Rx Rider Rates

| |
|--|
| Exhibit 1 -- Summary of Medical Coplans Offered |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - December 31, 2017

| Coplan | Product Type | In-Network Benefits | | | | | | | | | | Out-of-Network Benefits | | | Pharmacy |
|--------------|--------------|---------------------|------|------------------|------|---------|-----|-----|-----|--------|---------|-------------------------|-----|---------|------------------|
| | | PCP | SCP | IP (Med/Surg) | ER | OP Surg | DME | Amb | Ded | Coins. | OOP Max | Coins | Ded | OOP Max | |
| Coplan 10 14 | HMO | \$10 | \$10 | \$240 | \$35 | \$10 | 20% | \$0 | \$0 | 0% | \$5,300 | N/A | N/A | N/A | Riders Available |
| Coplan 15 14 | HMO | \$15 | \$15 | \$240 | \$50 | \$100 | 20% | \$0 | \$0 | 0% | \$5,300 | N/A | N/A | N/A | Riders Available |
| Coplan 25 14 | HMO | \$25 | \$25 | \$500 | \$50 | \$100 | 20% | \$0 | \$0 | 0% | \$5,300 | N/A | N/A | N/A | Riders Available |

Exhibit 2a -- Pricing Trend Assumptions -- 1Q Projection

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| | |
|--------------------|-------------------------------------|
| Experience Period: | May 1, 2015 - April 30, 2016 |
| Rating Period: | January 1, 2017 - December 31, 2017 |

| Months of Trend | 2016 | 2017 | 2018 | Total |
|-----------------|------|------|------|-------|
| | 8 | 12 | 0 | 20 |

Medical Trend Summary

2016 Annual Trend

| | % of Allowed | | | |
|----------------------|--------------|-----------|-------------|-------|
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.2% | 4.1% | 0.0% | 4.1% |
| OP and Other Med | 49.7% | 3.5% | 0.0% | 3.5% |
| PHY | 34.1% | -3.1% | 0.0% | -3.1% |
| Medical Total | | 1.3% | 0.0% | 1.3% |

2017 Annual Trend

| | % of Allowed | | | |
|----------------------|--------------|-----------|-------------|-------|
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.5% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.4% | 4.4% | 0.0% | 4.4% |
| PHY | 33.1% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

2018 Annual Trend

| | % of Allowed | | | |
|----------------------|--------------|-----------|-------------|-------|
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.8% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.8% | 4.4% | 0.0% | 4.4% |
| PHY | 32.4% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

Leveraging Impact - Large Group HMO Fee-For-Service Medical Claims

| | | | | | |
|----------------------------|----------------|--------------------|--------------|-------------------|--------------|
| Member Months | 1,399 | | | | |
| | Allowed | Coinsurance | Copay | Deductible | Paid* |
| Experience Period: | \$438.13 | \$0.77 | \$12.57 | \$0.00 | \$424.79 |
| 20 Months of Trend: | 1,044 | 1,044 | 1,000 | 1,000 | 1,046 |
| Projection Period: | \$457.53 | \$0.80 | \$12.57 | \$0.00 | \$444.16 |
| Allowed Trend (Annual) | 2.6% | | | | |
| Paid Trend (Annual) | 2.7% | | | | |
| Leveraging (Annual) | 0.1% | | | | |

**Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3a unless these adjustments are taken into account.*

Rx Trend Summary

| | 2016 Trend | | 2017 Trend | | 2018 Trend | |
|-----------|------------|-------------|------------|-------------|------------|-------------|
| | Unit Cost | Utilization | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | -11.2% | 3.4% | -2.7% | 3.2% | -2.7% | 3.2% |
| Brand | 15.8% | -5.2% | 17.1% | -2.2% | 17.1% | -2.2% |
| Specialty | 8.2% | 9.5% | 9.1% | 8.1% | 9.1% | 8.1% |

| |
|--|
| Exhibit 2b -- Rx Trend Development - 1Q |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

Experience Period: May 1, 2015 - April 30, 2016
Paid Through: June 30, 2016
Member Months with Rx Benefit: 1,399

| Rx Claim Information | Generic | Brand | Specialty | Total |
|---|----------------|--------------|------------------|--------------|
| Experience Period Scripts / 1000 | 14,942 | 1,767 | 172 | 16,881 |
| Experience Period Allowed PMPM | \$22.56 | \$31.79 | \$14.97 | \$69.31 |
| Experience Period Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Experience Period Copay PMPM | \$6.46 | \$4.00 | \$0.31 | \$10.78 |
| Experience Period Coinsurance PMPM | \$0.00 | \$0.53 | \$0.00 | \$0.53 |
| Experience Period Cost Sharing PMPM | \$6.46 | \$4.53 | \$0.31 | \$11.30 |
| Experience Period Paid PMPM | \$16.10 | \$27.26 | \$14.65 | \$58.01 |
| Annual Util Trend | 1.033 | 0.966 | 1.087 | 1.026 |
| Annual Unit Cost Trend | 0.938 | 1.166 | 1.087 | 1.061 |
| Annual Deductible Trend | 1.000 | 1.000 | 1.000 | 1.000 |
| Annual Paid Trend | 0.942 | 1.148 | 1.183 | 1.103 |
| Months of Trend to Q1 2017 | 20 | 20 | 20 | 20 |
| Projected Scripts / 1000 as of Q1 2017 | 15,763 | 1,668 | 197 | 17,628 |
| Projected Allowed PMPM as of Q1 2017 | \$21.39 | \$38.74 | \$19.76 | \$79.89 |
| Projected Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Projected Copay PMPM | \$6.82 | \$3.77 | \$0.36 | \$10.95 |
| Projected Coinsurance PMPM | \$0.00 | \$0.64 | \$0.00 | \$0.64 |
| Projected Cost Sharing PMPM as of Q1 2017 | \$6.82 | \$4.42 | \$0.36 | \$11.60 |
| Projected Paid PMPM as of Q1 2017 | \$14.58 | \$34.32 | \$19.40 | \$68.29 |

Exhibit 2c -- Pricing Trend Assumptions -- 2Q Projection (Example)

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| | |
|--------------------|--------------------------------|
| Experience Period: | May 1, 2015 - April 30, 2016 |
| Rating Period: | April 1, 2017 - March 31, 2018 |

| | | | | |
|------------------------|-------------|-------------|-------------|--------------|
| Months of Trend | 2016 | 2017 | 2018 | Total |
| | 8 | 12 | 3 | 23 |

Medical Trend Summary

| 2016 Annual Trend | | | | |
|--------------------------|---------------|------------------|--------------------|--------------|
| % of Allowed | | | | |
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.2% | 4.1% | 0.0% | 4.1% |
| OP and Other Med | 49.7% | 3.5% | 0.0% | 3.5% |
| PHY | 34.1% | -3.1% | 0.0% | -3.1% |
| Medical Total | | 1.3% | 0.0% | 1.3% |

| 2017 Annual Trend | | | | |
|--------------------------|---------------|------------------|--------------------|--------------|
| % of Allowed | | | | |
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.5% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.4% | 4.4% | 0.0% | 4.4% |
| PHY | 33.1% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

| 2018 Annual Trend | | | | |
|--------------------------|---------------|------------------|--------------------|--------------|
| % of Allowed | | | | |
| | Claims | Unit Cost | Utilization | Total |
| IP | 16.8% | 5.1% | 0.0% | 5.1% |
| OP and Other Med | 50.8% | 4.4% | 0.0% | 4.4% |
| PHY | 32.4% | 1.4% | 0.0% | 1.4% |
| Medical Total | | 3.5% | 0.0% | 3.5% |

| Leveraging Impact - Large Group HMO Fee-For-Service Medical Claims | | | | | | |
|---|----------------|--------------------|--------------|-------------------|--------------|--|
| Member Months | 1,399 | | | | | |
| | Allowed | Coinsurance | Copay | Deductible | Paid* | |
| Experience Period: | \$438.13 | \$0.77 | \$12.57 | \$0.00 | \$424.79 | |
| 23 Months of Trend: | 1.053 | 1.053 | 1.000 | 1.000 | 1.055 | |
| Projection Period: | \$461.51 | \$0.81 | \$12.57 | \$0.00 | \$448.14 | |
| Allowed Trend (Annual) | 2.8% | | | | | |
| Paid Trend (Annual) | 2.8% | | | | | |
| Leveraging (Annual) | 0.1% | | | | | |

*Ignores impact of removing high cost claims and replacing with pooling charge. Paid projection will not tie out to FFS claim projection on Tab 3a unless these adjustments are taken into account.

Rx Trend Summary

| | 2015 Trend | | 2016 Trend | | 2017 Trend | |
|-----------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | Unit Cost | Utilization | Unit Cost | Utilization | Unit Cost | Utilization |
| Generic | -11.2% | 3.4% | -2.7% | 3.2% | -2.7% | 3.2% |
| Brand | 15.8% | -5.2% | 17.1% | -2.2% | 17.1% | -2.2% |
| Specialty | 8.2% | 9.5% | 9.1% | 8.1% | 9.1% | 8.1% |

| |
|--|
| Exhibit 2d -- Rx Trend Development - 2Q (Example) |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

Experience Period: May 1, 2015 - April 30, 2016

Paid Through: December 31, 2015

Member Months with Rx Benefit: 1,399

| <u>Rx Claim Information</u> | <u>Generic</u> | <u>Brand</u> | <u>Specialty</u> | <u>Total</u> |
|---|----------------|--------------|------------------|--------------|
| | 1 | 2 | 3 | |
| Experience Period Scripts / 1000 | 14,942 | 1,767 | 172 | 16,881 |
| Experience Period Allowed PMPM | \$22.56 | \$31.79 | \$14.97 | \$69.31 |
| Experience Period Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Experience Period Copay PMPM | \$6.46 | \$4.00 | \$0.31 | \$10.78 |
| Experience Period Coinsurance PMPM | \$0.00 | \$0.53 | \$0.00 | \$0.53 |
| Experience Period Cost Sharing PMPM | \$6.46 | \$4.53 | \$0.31 | \$11.30 |
| Experience Period Paid PMPM | \$16.10 | \$27.26 | \$14.65 | \$58.01 |
| Annual Util Trend | 1.032 | 0.975 | 1.082 | 1.027 |
| Annual Unit Cost Trend | 0.965 | 1.170 | 1.090 | 1.076 |
| Annual Deductible Trend | 1.000 | 1.000 | 1.000 | 1.000 |
| Annual Paid Trend | 0.981 | 1.163 | 1.182 | 1.120 |
| Months of Trend to Q2 2017 | 23 | 23 | 23 | 23 |
| Projected Scripts / 1000 as of Q2 2017 | 15,873 | 1,684 | 200 | 17,756 |
| Projected Allowed PMPM as of Q2 2017 | \$22.40 | \$40.92 | \$20.54 | \$83.85 |
| Projected Deductible PMPM | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Projected Copay PMPM | \$6.86 | \$3.81 | \$0.37 | \$11.04 |
| Projected Coinsurance PMPM | \$0.00 | \$0.68 | \$0.00 | \$0.68 |
| Projected Cost Sharing PMPM as of Q2 2017 | \$6.86 | \$4.49 | \$0.37 | \$11.72 |
| Projected Paid PMPM as of Q2 2017 | \$15.53 | \$36.43 | \$20.17 | \$72.13 |

| |
|--|
| Exhibit 3a -- Claim Projection & Proposed Rate Change |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| |
|---|
| LG HMO Claim Projection and Proposed Rate Change |
|---|

Experience Period: May 1, 2015 - April 30, 2016
Paid Through: June 30, 2016

| | |
|--|--------------|
| Experience Period Member Months | 1,399 |
| 1) Experience Period Medical Claims PMPM | \$418.35 |
| 1a) Claims in Excess of \$100k over Experience Period | \$0.00 |
| 1b) Pooling Charge | 1.0916 |
| 2) IBNR Factor | 1.015 |
| 3) Experience Period Incurred Medical Claims = [1) - 1a)] * 1b) * 2) | \$463.70 |
| 3a) Claims Settlement PMPM <i>Represents value of claims settlement for 2015 member months</i> | \$6.65 |
| 4) Annual Medical Trend <i>Includes Paid Leveraging</i> | 1.027 |
| 5) Months of Trend to Q1 2017 | 20 |
| 6a) Capitations and Non-FFS Claim Expenses | \$6.06 |
| 7) Trended Incurred Medical Claims PMPM as of Q1 2017 = [(3) + 3a) * 4) ^ (5) / 12] + 6a)] | \$497.86 |
| 8) Experience Period Rx Claims PMPM | \$58.01 |
| 8a) Rx Claims in Excess of \$100k over Experience Period | \$0.00 |
| 8b) Pooling Charge | 1.0916 |
| 9) Annual Rx Trend <i>Includes Paid Leveraging</i> | 1.103 |
| 10) Months of Trend to Q1 2017 | 20 |
| 11) Trended Gross Rx Claims PMPM as of Q1 2017 = (8) - 8a)] * 8b) * (9)] ^ (10) / 12] | \$74.55 |
| 11a) Impact of Bill H559 | \$0.00 |
| 11b) Rx Rebates | (\$14.37) |
| 12) Trended Net Rx Claims PMPM as of Q1 2017 = 11) + 11a) + 11b) | \$60.18 |
| 13) Industry Normalization Factor | 1.111 |
| 13a) NY State HCRA Surcharge | 0.25% |
| 14) Total Claim Cost as of Q1 2017 = (7) + 12)] * 13) * (1 + 13a)] | \$621.60 |
| 15) Projected Net Revenue Collected at Q4 2016 Rate Level <i>Based on distribution of experience period members</i> | \$522.39 |
| 16) Data Suggested Rate Change = 14) / 15) - 1 | 19.0% |
| 17) MVP Proposed Rate Change over 4Q 2016 Rates <i>Equals one quarter of 2017 trend</i> | 1.1% |

| |
|--|
| Exhibit 3b -- Claim Projection & Proposed Rate Change |
|--|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| |
|---|
| LG HIC Claim Projection and Proposed Rate Change |
|---|

Experience Period: May 1, 2015 - April 30, 2016
Paid Through: December 31, 2015

| | |
|---|-------------|
| Experience Period Member Months | 1,399 |
| 1) Experience Period Medical Claims PMPM | \$418.35 |
| 1a) Claims in Excess of \$100k over Experience Period | \$0.00 |
| 1b) Pooling Charge | 1.0916 |
| 2) IBNR Factor | 1.015 |
| 3) Experience Period Incurred Medical Claims <i>= [1) - 1a)] * 1b) * 2)</i> | \$463.70 |
| 3a) Claims Settlement PMPM <i>Represents value of claims settlement for 2015 member months</i> | \$6.65 |
| 4) Annual Medical Trend <i>Includes Paid Leveraging</i> | 1.028 |
| 5) Months of Trend to Q2 2017 | 23 |
| 6a) Capitations and Non-FFS Claim Expenses | \$6.06 |
| 7) Trended Incurred Medical Claims PMPM as of Q2 2017 <i>= [[3) + 3a)] * 4) ^ [5) / 12] + 6a)]</i> | \$502.26 |
| 8) Experience Period Rx Claims PMPM | \$58.01 |
| 8a) Rx Claims in Excess of \$100k over Experience Period | \$0.00 |
| 8b) Pooling Charge | 1.0916 |
| 9) Annual Rx Trend <i>Includes Paid Leveraging</i> | 1.120 |
| 10) Months of Trend to Q2 2017 | 23 |
| 11) Trended Gross Rx Claims PMPM as of Q2 2017 <i>= [8) - 8a)] * 8b) * [9)] ^ [10) / 12]</i> | \$78.74 |
| 11a) Impact of Bill H559 | \$0.00 |
| 11b) Rx Rebates | (\$17.23) |
| 12) Trended Net Rx Claims PMPM as of Q2 2017 <i>= 11) + 11a) + 11b)</i> | \$61.51 |
| 13) Industry Normalization Factor | 1.111 |
| 13a) NY State HCRA Surcharge | 0.25% |
| 14) Total Claim Cost as of Q2 2017 <i>= [7) + 12)] * 13) * [1 + 13a)]</i> | \$627.97 |
| 15) Projected Claim Cost Q1 2017 <i>Based on distribution of experience period members</i> | \$621.60 |
| 16) Proposed Quarterly Rate Change <i>Equals one quarter of 2017/2018 trend</i> | 1.1% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q1 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$490.41 | 1.1% | 5.5% | 5.5% |
| Coplan 15 14 | HMO | \$485.14 | 1.1% | 5.5% | 5.5% |
| Coplan 25 14 | HMO | \$472.61 | 1.1% | 5.5% | 5.5% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q2 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$495.80 | 1.1% | 6.6% | 6.6% |
| Coplan 15 14 | HMO | \$490.48 | 1.1% | 6.6% | 6.6% |
| Coplan 25 14 | HMO | \$477.81 | 1.1% | 6.6% | 6.6% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q3 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$501.25 | 1.1% | 4.4% | 4.4% |
| Coplan 15 14 | HMO | \$495.88 | 1.1% | 4.4% | 4.4% |
| Coplan 25 14 | HMO | \$483.07 | 1.1% | 4.4% | 4.4% |

| |
|---|
| Exhibit 4a -- Medical Manual Rates (Q4 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
 For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

| Coplan | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change | Annual Revenue Change |
|---------------|---------------------|--------------------------------------|-----------------------------|--------------------------------------|----------------------------------|
| Coplan 10 14 | HMO | \$506.76 | 1.1% | 4.5% | 4.5% |
| Coplan 15 14 | HMO | \$501.33 | 1.1% | 4.5% | 4.5% |
| Coplan 25 14 | HMO | \$488.38 | 1.1% | 4.5% | 4.5% |

| |
|---|
| Exhibit 4b -- Medical Riders (Q1 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.20 | 0.0% | 5.3% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 6.7% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 8.3% |
| R49-V | Disposable Medical Supplies | HMO | \$1.00 | 1.0% | 5.3% |
| R63-V | Foot Orthotics | HMO | \$1.05 | 1.0% | 5.0% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.30) | 0.8% | 4.8% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.19) | 0.8% | 5.3% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.58) | 1.8% | 5.5% |
| R170-V | Eyewear Benefits | HMO | \$3.48 | 1.2% | 5.5% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.72 | 1.4% | 5.9% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$6.99 | 1.2% | 5.6% |
| R222-V | Adult Preventative Dental | HMO | \$19.24 | 1.1% | 5.5% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$23.33 | 1.1% | 5.5% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.16 | 1.2% | 5.5% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.30 | 0.8% | 4.8% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

| |
|---|
| Exhibit 4b -- Medical Riders (Q2 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.20 | 0.0% | 5.3% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 6.7% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 8.3% |
| R49-V | Disposable Medical Supplies | HMO | \$1.01 | 1.0% | 6.3% |
| R63-V | Foot Orthotics | HMO | \$1.06 | 1.0% | 6.0% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.31) | 0.8% | 5.6% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.20) | 0.8% | 6.2% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.59) | 1.7% | 7.3% |
| R170-V | Eyewear Benefits | HMO | \$3.52 | 1.1% | 6.7% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.73 | 1.4% | 7.4% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$7.07 | 1.1% | 6.8% |
| R222-V | Adult Preventative Dental | HMO | \$19.45 | 1.1% | 6.6% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$23.59 | 1.1% | 6.6% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.22 | 1.2% | 6.7% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.31 | 0.8% | 5.6% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

| |
|---|
| Exhibit 4b -- Medical Riders (Q3 2017) |
|---|

MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.20 | 0.0% | 1.9% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 3.3% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 4.9% |
| R49-V | Disposable Medical Supplies | HMO | \$1.02 | 1.0% | 3.9% |
| R63-V | Foot Orthotics | HMO | \$1.07 | 0.9% | 3.6% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.32) | 0.8% | 3.1% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.21) | 0.8% | 3.7% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.60) | 1.7% | 5.6% |
| R170-V | Eyewear Benefits | HMO | \$3.56 | 1.1% | 4.4% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.74 | 1.4% | 5.4% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$7.15 | 1.1% | 4.6% |
| R222-V | Adult Preventative Dental | HMO | \$19.66 | 1.1% | 4.4% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$23.85 | 1.1% | 4.4% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.28 | 1.1% | 4.5% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.32 | 0.8% | 3.1% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

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| Exhibit 4b -- Medical Riders (Q4 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|--------|---|--------------|---------------------------|------------------|---------------------------|
| R6-V | External Prosthetic Devices | HMO | \$0.20 | 0.0% | 0.0% |
| R7-V | Unlimited Skilled Nursing | HMO | \$0.16 | 0.0% | 0.0% |
| R14-V | Exclude Elective Abortion | HMO | (\$0.13) | 0.0% | 0.0% |
| R49-V | Disposable Medical Supplies | HMO | \$1.03 | 1.0% | 4.0% |
| R63-V | Foot Orthotics | HMO | \$1.08 | 0.9% | 3.8% |
| R142-V | \$500 IP Hospital Copay (Lrg Grp) | HMO | (\$1.33) | 0.8% | 3.1% |
| R146-V | Exclusion of Preventative Dental | HMO | (\$1.22) | 0.8% | 3.4% |
| R167-V | ER - \$50 Copay (Lrg Grp) | HMO | (\$0.61) | 1.7% | 7.0% |
| R170-V | Eyewear Benefits | HMO | \$3.60 | 1.1% | 4.7% |
| R181-V | \$100 IP Hospital Copay | HMO | \$0.75 | 1.4% | 5.6% |
| R185-V | Catastrophic Rider (IP ded 2000 & OP Surg Ded-1000 ER-75) | HMO | -5.0% | 0.0% | 0.0% |
| R217-V | High Option Eyewear | HMO | \$7.23 | 1.1% | 4.6% |
| R222-V | Adult Preventative Dental | HMO | \$19.88 | 1.1% | 4.5% |
| R223-V | Adult Prev. Dental w/Family Restorative | HMO | \$24.11 | 1.1% | 4.5% |
| R230-V | Advanced Infertility (Lrg Grp) | HMO | \$5.34 | 1.1% | 4.7% |
| R232-V | Catastrophic Rider (IP Ded-1000 OP Surg Ded-500 ER-75) | HMO | -2.0% | 0.0% | 0.0% |
| R242-V | IP Copay \$240 (with Coplan25, Large Group Only) | HMO | \$1.33 | 0.8% | 3.1% |
| R263-V | Domestic Partner All Groups (B/6/6) | HMO | \$0.00 | N/A | N/A |
| R20-V | Other Child Dependents | HMO | \$0.00 | N/A | N/A |

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| Exhibit 4c -- Rx Riders (Q1 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between January 1, 2017 - March 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|----------------------|-------------------------------------|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$33.90 | 1.1% | 5.5% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Fo | HMO | \$59.30 | 1.1% | 5.5% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Fc | HMO | \$53.31 | 1.1% | 5.5% |
| R256-V | \$10 Generic /30% Brand /50% Non- | HMO | \$44.23 | 1.1% | 5.5% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Fc | HMO | \$50.26 | 1.1% | 5.5% |
| R203-V w/ rider R257 | Adds \$100 Deductible | R203-V HMO | (\$5.20) | 1.2% | 5.5% |
| R234-V w/ rider R257 | Adds \$100 Deductible | R234-V HMO | (\$4.68) | 1.1% | 5.6% |
| R256-V w/ rider R257 | Adds \$100 Deductible to R256-V | HMO | (\$3.85) | 1.0% | 5.5% |
| R264-V w/ rider R257 | Adds \$100 Deductible to R264-V | HMO | (\$4.41) | 1.1% | 5.5% |
| R550L-V | Removes MAC Pricing | HMO | \$0.84 | 1.2% | 6.3% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.35 | 0.0% | 2.9% |

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| Exhibit 4c -- Rx Riders (Q2 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between April 1, 2017 - June 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|-------------|--|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$34.27 | 1.1% | 6.6% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Formulary | HMO | \$59.95 | 1.1% | 6.6% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Formulary | HMO | \$53.90 | 1.1% | 6.6% |
| R256-V | \$10 Generic /30% Brand /50% Non-Formulary | HMO | \$44.72 | 1.1% | 6.6% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Formulary | HMO | \$50.81 | 1.1% | 6.6% |
| R203-V w/ r | Adds \$100 Deductible R203-V | HMO | (\$5.26) | 1.2% | 6.7% |
| R234-V w/ r | Adds \$100 Deductible R234-V | HMO | (\$4.73) | 1.1% | 6.8% |
| R256-V w/ r | Adds \$100 Deductible to R256-V | HMO | (\$3.89) | 1.0% | 6.6% |
| R264-V w/ r | Adds \$100 Deductible to R264-V | HMO | (\$4.46) | 1.1% | 6.7% |
| R550L-V | Removes MAC Pricing | HMO | \$0.85 | 1.2% | 7.6% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.35 | 0.0% | 2.9% |

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| Exhibit 4c -- Rx Riders (Q3 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between July 1, 2017 - September 30, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|-------------|--|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$34.65 | 1.1% | 4.4% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Formulary | HMO | \$60.61 | 1.1% | 4.4% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Formulary | HMO | \$54.49 | 1.1% | 4.4% |
| R256-V | \$10 Generic /30% Brand /50% Non-Formulary | HMO | \$45.21 | 1.1% | 4.4% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Formulary | HMO | \$51.37 | 1.1% | 4.4% |
| R203-V w/ r | Adds \$100 Deductible R203-V | HMO | (\$5.32) | 1.1% | 4.5% |
| R234-V w/ r | Adds \$100 Deductible R234-V | HMO | (\$4.78) | 1.1% | 4.4% |
| R256-V w/ r | Adds \$100 Deductible to R256-V | HMO | (\$3.93) | 1.0% | 4.2% |
| R264-V w/ r | Adds \$100 Deductible to R264-V | HMO | (\$4.51) | 1.1% | 4.4% |
| R550L-V | Removes MAC Pricing | HMO | \$0.86 | 1.2% | 4.9% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.35 | 0.0% | 0.0% |

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| Exhibit 4c -- Rx Riders (Q4 2017) |
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MVP Health Care -- Q1 - Q4 2017 LG HMO Rate Filing
For Effective Dates Beginning Between October 1, 2017 - December 31, 2017

| Rider | Description | Product Type | Net Required Revenue PMPM | Quarterly Change | Annual Manual Rate Change |
|-------------|--|--------------|---------------------------|------------------|---------------------------|
| R152-V | 50% Coinsurance on any RX | HMO | \$35.03 | 1.1% | 4.5% |
| R203-V | \$5 Generic/\$20 Brand /\$40 Non-Formulary | HMO | \$61.28 | 1.1% | 4.5% |
| R234-V | \$10 Generic/\$30 Brand/\$50 Non-Formulary | HMO | \$55.09 | 1.1% | 4.5% |
| R256-V | \$10 Generic /30% Brand /50% Non-Formulary | HMO | \$45.71 | 1.1% | 4.5% |
| R264-V | \$15 Generic/\$35 Brand/\$50 Non-Formulary | HMO | \$51.94 | 1.1% | 4.5% |
| R203-V w/ r | Adds \$100 Deductible R203-V | HMO | (\$5.38) | 1.1% | 4.7% |
| R234-V w/ r | Adds \$100 Deductible R234-V | HMO | (\$4.83) | 1.0% | 4.3% |
| R256-V w/ r | Adds \$100 Deductible to R256-V | HMO | (\$3.97) | 1.0% | 4.2% |
| R264-V w/ r | Adds \$100 Deductible to R264-V | HMO | (\$4.56) | 1.1% | 4.6% |
| R550L-V | Removes MAC Pricing | HMO | \$0.87 | 1.2% | 4.8% |
| R551L-V | Change mail copay from 2.5 to 2.0 | HMO | \$0.35 | 0.0% | 0.0% |