

1. GENERAL INFORMATION

Insurance Company Name	Cigna Health & Life Insurance Company
NAIC Company Code	67369
HIOS Issuer ID	41921
State	Virginia
Market Type	Individual
Proposed Effective Date	01/01/2017
Primary Contact Person and Title	James Norton, FSA, MAAA, Actuarial Manager
Primary Contact Telephone Number	(215) 761-1083
Primary Contact Email	James.Norton@Cigna.com

Scope and Purpose of Filing: Cigna Health & Life Insurance Company (CHLIC) is filing rates for comprehensive major medical product 41921VA002 for individuals & families, to be effective January 1, 2017. The plans represented in this filing will be Guaranteed Issue & Guaranteed Renewable and are to be marketed through HealthCare.gov, brokers, general agents, and directly to consumers as described in the policy form. These plans are attached to a new product that has been submitted under policy form filing VAINDEPO042016. This policy form is not subject to medical underwriting. Please note that the content of this filing is intended to be reviewed by an actuary.

2. PROPOSED RATE INCREASE

This will be the first year that individual health insurance coverage will be offered by CHLIC in Virginia. Since this is a filing for a new product, there is no rate increase associated with this filing. Consequently, the rates for the proposed plans in this filing should not be considered a rate increase or decrease because there is no current membership for CHLIC in Virginia. Per pages 36-37 of the Unified Rate Review Instructions, the Unified Rate Review Template (URRT) Rate Change Percent and the Cumulative Rate Change Percent for this product have been populated with 0%.

3. EXPERIENCE PERIOD PREMIUM & CLAIMS

As mentioned above, since this will be the first year that individual coverage will be offered by CHLIC in Virginia, there is no experience to report in Sections I or II, Worksheet 1 of the URRT. Please note that minimal values have been entered in Section I and under capitation in Section II of the template to allow for the URRT to successfully validate. These figures do not represent CHLIC's experience in Virginia, but they will show in the URRT and will cause cells V45 and V46 on Worksheet 1 of the template to indicate a rate increase over the experience period.

- a. Paid Through Date: N/A
- b. Premiums (Net of MLR): N/A
- c. Allowed & Incurred Claims: N/A

4. BENEFIT CATEGORIES

To determine benefit categories, CHLIC uses a combination of Procedure Code and Place of Service to categorize each claim under an appropriate Major Service Category. These categories are defined as follows:

- **Inpatient Hospital:** Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.
- **Outpatient Hospital:** Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.
- **Professional:** Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, & other professional services, except hospital based professionals whose payments are included in facility fees.
- **Other Medical:** Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services and other services.

- Prescription Drug: Includes drugs dispensed by a pharmacy, net of rebates received from drug manufacturers.

5. PROJECTION FACTORS

As mentioned in the previous section, there is no credible experience data or projection factors shown for the experience period in Section II, Worksheet 1 of the URRT. Please note that minimal values have been entered in this section of the template to allow for the URRT to successfully validate. These figures do not represent CHLIC's experience data or projection factors.

6. CREDIBILITY MANUAL RATE DEVELOPMENT

a. Source & Appropriateness of Experience Data used in Developing the Manual Rate

The source data used to generate the Manual Rate is trended national group experience adjusted for state- and market-specific differences. The experience for the national group book of business is deemed appropriate for development of the Manual Rate because the baseline experience was not subject to individual medical underwriting and the benefits for the group experience are similar to the benefits required to be ACA compliant. The adjustments to the baseline data are addressed below.

b. Adjustments made to the Data

The following adjustments were made during the development of the Manual Rate to account for differences between the source data and characteristics of the anticipated population in the Individual Market for the proposed period:

- Morbidity Load – A 30.6% load was added to the manual rate to account for the difference in morbidity risk of the population underlying the manual rate and the anticipated Individual population in 2017. CHLIC relied on full-year 2015 allowed claims and enrollment data for the Individual market. The morbidity load comprehends the following components:
 - Overall health status in the Individual marketplace – Customers seeking coverage through the Individual market tend to have a different average health status than those who receive coverage through their employer. The average morbidity in the Individual market is driven by external factors such as the strength of the individual mandate, overall awareness of Individual health insurance products, and the presence or absence of transitional policies. All such factors are included in the morbidity load.
 - Membership distribution by metal tier and CSR plan – In the Individual market, individuals tend to select plans that best meet their health needs. Riskier individuals tend to choose plans with lower member cost-share. Additionally, individuals receiving CSR subsidies exhibit different utilization patterns due to differences in income and cost-share. The expected membership distribution by metal tier and CSR plan therefore impacts the overall expected morbidity in the single risk pool. This adjustment is applied to the index rate only and no plan-specific adjustments are made to account for anticipated differences in health status of enrollees across plans.
- Demographic Adjustment – The experience underlying the Manual Rate development does not conform to the 3:1 age slope as prescribed by the ACA. Hence, an adjustment was made to reflect the impact of compression of age slopes as well as to account for the different distribution by age in the 2017 individual market than the distribution by age reflected in the data underlying the Manual Rate.
- Impact of EHB – Most EHBs are already represented in the base experience underlying the derivation of the Manual Rate. However, certain EHBs are not represented in the base experience and the impact of covering these benefits is subsequently added to the Manual Rate, resulting in a 1.0% load.
- Network Savings – CHLIC's underlying network for its proposed plans in this filing is different from the network underlying the experience used in deriving the Manual Rate. The estimated savings of the provider network vary by geographic region, but are incorporated into the Manual Rate based on assumed enrollment by region as an average 2017 25.6% decrement.
- Pharmacy Formulary Savings – Pharmacy claim cost experience used in the development of the Manual Rate is based on national group experience. This group experience is representative of a broader formulary than the formulary associated with CHLIC's individual product. The narrower formulary results in a savings of 20.4% on pharmacy claim costs compared to the Manual Rate.

c. Inclusion of Capitation Payments

There are no services provided under a capitation arrangement for plans included in this filing.

7. CREDIBILITY OF EXPERIENCE

Since there is no experience data in Worksheet 1 of the URRT, 100% credibility is assigned to the Manual Rate. We believe that the Manual Rate is appropriate for developing rates for the plans in this filing, as explained in Section 6 of this document.

8. PAID TO ALLOWED RATIO

The expected cost-sharing ratio for each benefit plan is calculated by using group experience trended to the proposed filing period to develop a claims probability distribution (CPD). This CPD is then used to estimate member cost-share vs. issuer cost-share for each benefit category and benefit plan. The Paid-to-Allowed Ratio is derived by applying expected distribution of business by benefit plan to the cost-sharing estimates. The expected Paid-to-Allowed Ratio for the 2017 single risk pool is 73.0%.

Some differences exist between the cost-sharing as calculated above and the Metal AVs that are described in Section 18 of this document. These dissimilarities exist as a result of the following differences in methodology:

- The CPD used to calculate member and insurer cost-share is different from the underlying claims distribution in the continuance tables of the AV Calculator. The continuance tables are based on the default standard population developed by HHS using claims and enrollment from a national commercial database. The CPD is based on claims and enrollment data from CHLIC's national group book of business. This experience-based CPD has a larger volume of its distribution at the tail, which represents higher average costs.
- The underlying cost assumptions for copays are different in the AV Calculator as compared to CHLIC's experience. Since most of the proposed plans represented in this filing have copay based cost-sharing for Primary Care Physician and Specialist office visits and some plans have copays on additional services, this causes a difference between the Paid-to-Allowed ratio and the Metal AV for most plans.
- Cost-sharing for other benefits, such as separate copays for urgent care, is not captured in the AV Tool, whereas CHLIC takes these benefits into account when deriving the paid-to-allowed ratio.

Note that the Paid-to-Allowed ratio as shown above is CHLIC's best-estimate of the total expected paid claims that are the liability of CHLIC, divided by the total expected allowed claims for the Projection Period, for the population anticipated to be covered in the Projection Period. The URRT does not accurately demonstrate the process used by CHLIC in the development of rates. As a result, in order to accurately reflect CHLIC's Projected Allowed Experience Claims, Single Risk Pool Gross Average Premium, Risk Adjustment, and Expense assumptions in the URRT, an adjustment factor was applied to the Paid-to-Allowed ratio in Worksheet 1, cell V33 of the URRT.

9. RISK ADJUSTMENT & REINSURANCE

a. Experience Period Risk Adjustment and Reinsurance Adjustments (PMPM)

As mentioned in the prior sections, there is no credible experience data or projection factors shown for the experience period in Section II, Worksheet 1 of the URRT. Please note that minimal values have been entered in this section of the template to allow for the URRT to successfully validate. These figures do not represent CHLIC's experience data or projection factors.

b. Projected Risk Adjustments (PMPM)

A 2017 net risk transfer receivable of \$8.32 PMPM is assumed. This total includes a projected risk transfer receivable of \$8.50 PMPM and risk adjustment user fees of \$0.18 PMPM, both on an allowed basis. Equivalently, the projected risk transfer on a paid basis is \$6.21 PMPM receivable with risk adjustment user fees of \$0.13 PMPM.

To model expected 2017 risk transfer dynamics, 2015 member-level risk transfer amounts were projected based on 2015 nationwide CHLIC experience using all components of the HHS risk transfer formula. In order to develop these risk transfer amounts, corresponding market-level estimates of the 2015 risk transfer formula were obtained from proprietary data from Wakely Consulting Group, which estimated the market-level components of the risk transfer formula based on actual data received from carriers in a given market. The expected 2015 risk transfers were adjusted to account for expected changes as a result of moving to the initially proposed 2017 risk adjustment model. Finally, the projected 2017 risk transfer amounts were calculated based on these 2015 risk

transfers further adjusted for the average paid-to-allowed ratio as outlined in Section 8 of this document, to provide final estimates on an allowed basis for development of the market adjusted index rate.

The projected 2017 net allowed risk transfer receivable of \$8.32 PMPM was applied to the Index Rate in the development of the market average index rate and does not match cell V35 on Worksheet 1 of the URRT, which is on a paid basis. The impact of net risk adjustment is a reduction of 1.9% of CHLIC’s 2017 premiums.

c. Projected ACA Reinsurance Recoveries Net of Reinsurance Premium

As proposed in the 2017 HHS Notice of Benefits and Payment Parameters, the reinsurance program will end with the 2016 benefit year. Consequently, no reinsurance recoveries have been applied to the Index Rate in the development of the Market Average Index Rate.

10. NON-BENEFIT EXPENSES, PROFIT, & RISK

The following table illustrates anticipated breakdown of the retention components. It should be noted that the administrative expenses below reflect that CHLIC is pricing to scalable membership. Hence, these expenses reflect the amount that will be incurred if CHLIC attains scale, which is not anticipated for the rating period. In the current rating period, CHLIC has applied non-benefit expenses, profit & risk load as a constant percentage of premium to all plans. This equates to 20.0% and is derived based on the projected expenses as a portion of projected average statewide premium with a target loss ratio of 80.0%. Actual expenses on both a PMPM and percentage of premium basis will vary based on the actual size and distribution of membership by age and plan.

Retention Component	% of Premium
Administrative Expense	10.8%
Profit Margin	2.5%
Taxes & Fees (including ACA expenses)	6.7%
Total Retention	20.0%

a. Administrative expense load

CHLIC’s non-medical expenses are split out as follows:

- Acquisition administrative expense – this includes, but is not limited to, incentive compensation & salaries for brokers and agents, commissions†, marketing costs (working media & non-working media), and vendor fees.
- Recurring administrative expense – this includes, but is not limited to, costs relating to customer analytics, service operations, account management, and corporate overhead.

The administrative expense load is based on internal estimates from CHLIC’s Financial Analysis team and is deemed appropriate for the plans proposed in this filing. To determine this load, membership for CHLIC’s benefit plans is projected as outlined in Section 20. This membership is then applied to known budgeted amounts for administrative expenses to determine an appropriate administrative load across all plans as a percentage of premium allocation. The administrative expense load was applied uniformly as a percentage of premium and does not vary by plan or product.

† Commissions vary based on distribution channel and plan. Since premium rates for plans must be the same across all channels, CHLIC has averaged its commissions based on expected membership distribution by acquisition type. CHLIC expects its exchange customers to be referred through a blend of all distribution channels (i.e. broker, direct to consumer, etc.) and purely via the Exchange without any external referral. Hence, the commissions for the Exchange channel are calculated as a weighted average of these acquisition types.

b. Profit & Risk Margin

CHLIC has targeted a 2.5% profit margin that is built into its premium rates. This target is based on CHLIC attaining scalable membership, which is not expected for the rating period. In the event that actual membership size and distribution differs from expectations, the actual profit margin may vary. There is no additional risk margin load.

c. Taxes & Fees

Please note that this section excludes contributions to the risk adjustment user fees, since these fees are included in the projected risk transfer, per Section 4.4.8 of the 2017 Unified Rate Review Instructions.

- Premium Tax is applied as 2.28% of premium
- Exchange User Fee is applied as 2.99% of premium‡
- PCORI Fee is applied as \$2.26 PMPY or 0.05% of premium

‡ Exchange User Fees are applied as an adjustment to the index rate at the market level. Hence, the 3.50% Exchange User Fee is blended based on expected member distribution on and off exchange, resulting in the 2.99% expected fee stated above.

11. PROJECTED LOSS RATIO

The projected 2017 PPACA MLR, without adjustment for credibility, for CHLIC’s individual products is 86%.

A demonstration of the projected MLR calculation is illustrated below:

PPACA 2017 MLR		
1	Member Months	189,643
2	Incurred Claims	\$ 57,507,856
3	Claims Adjustment*	\$ (962,966)
4	Numerator (2 + 3)	\$ 56,544,890
5	Earned Premium	\$ 70,460,922
6	Premium Adjustment**	\$ (4,702,801)
7	Denominator (5 + 6)	\$ 65,758,121
8	Credibility Factor	2.25%
9	Average Deductible Factor	131.57%
10	Credibility Adjustment (8 x 9)	2.96%
11	PPACA MLR w/o Credibility (4 ÷ 7)	85.99%
12	PPACA MLR w/ Credibility (10 + 11)	88.95%

* Quality Improvement Activities, Risk Adjustment & Risk Corridor Receipts

** Premium/Payroll/Federal Income Tax and ACA Fee Adjustments

Figures in the PPACA MLR exhibit have been calculated as follows:

- Member Months – projections for member months are developed internally as best estimates generated by applying current market share percentages and additional adjustments to take into account the addressable market opportunity. This figure ties to Cell X47 in Worksheet 1 URRT.
- Incurred Claims – projections for incurred claims are consistent with Cell X34 in Worksheet 1 of the URRT.
- Claims Adjustment – defined as specified by HHS Notice of Benefit & Payment Parameters for 2017 (Final Rule)
- Earned Premium – projections for earned premium are developed by applying the projected average rate PMPM from cell V43 in Worksheet 1 of the URRT to the expected member months projections specified earlier.
- Premium Adjustment – defined as specified by HHS Notice of Benefit & Payment Parameters for 2017 (Final Rule)
- Credibility Adjustment – The credibility adjustment is calculated using the methodology specified in 45 CFR 158.232. This adjustment incorporates the impact of the base credibility factor and the average deductible factor.

12. SINGLE RISK POOL

CHLIC has included all covered lives for every non-grandfathered product/plan combination in the individual market in Virginia in the single risk pool, as specified in 45 CFR 156.80(d). Please note that CHLIC does not have any transitional policies.

13. INDEX RATE

The Index Rate for the Projection Period for this filing is \$429.24 and was developed in accordance with 45 CFR Part 156.80(d). The Index Rate for the Projection Period identified in Section III, Worksheet 1 of the URRT was generated using the same methodology as used in determining the Single Risk Pool Gross Premium Average Rate in Cell V43 of Worksheet 1 in the URRT. Hence, the Projected Index Rate is a representation of the Expected Allowed Claims for 2017 attributable to Essential Health Benefits, and incorporates the impact of trend, benefit, morbidity, and demographic adjustments as outlined in Sections 5 and 6 of this document. As specified in Section 7 of this document, no single risk pool experience is available for credibility blending in the development of the Index Rate for the Projection Period. There are no benefits in addition to EHBs that are being covered under the proposed plans in 2017. No consideration is granted to the expected impact of specific eligibility categories for catastrophic plans because these plans are not being proposed in this filing.

14. MARKET ADJUSTED INDEX RATE

The Market Adjusted Index Rate for this filing is \$433.87. The Market Adjusted Index rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR Part 156.80 (d)(1). The following market-wide adjustments have been made to the Index Rate, as allowed under these rules:

- Risk Transfer - The Index Rate has been adjusted for the net transfer from the risk adjustment program. This adjustment equates to an impact of \$8.32 PMPM on the Index Rate.
- Exchange User Fees - Exchange User Fees are applied as an adjustment to the Index Rate at the market level. The 3.50% Exchange User Fee is blended based on expected member distribution on and off exchange, resulting in the 2.99% expected fee.

Please refer to Risk Adjustment and Reinsurance Section (section 9) for detailed explanation of how the Risk adjustment was developed.

The Market Adjusted Index Rate reflects the average demographic characteristics of the single risk pool and is not calibrated.

15. PLAN ADJUSTED INDEX RATE

a. Plan Adjusted Index Rate for the Projection Period

Only the following allowable modifiers (as specified in 45 CFR 156.80(d)) have been used to adjust the Market Adjusted Index Rate to arrive at the Plan Adjusted Index Rates:

- Plan-specific actuarial value and cost sharing adjustments
- Adjustment factor to remove the portion of the cost that is expected to be recouped through the premium charged for tobacco
- Administrative costs, excluding the Risk Adjustment User Fee, and Exchange user fees

The adjustment Impact of specific eligibility categories for the catastrophic plan is not applicable since CHLIC does not plan to offer catastrophic plans in 2017.

Note that the AV and cost-sharing adjustment encompasses expected cost-sharing differences, utilization differences due to differences in cost-sharing, and an adjustment for non-tobacco user status.

The expected cost-sharing ratio for each benefit plan is calculated by using group experience over the experience period (trended to the proposed filing period) to develop a claims probability distribution (CPD). This CPD is then used to estimate member cost-share vs. issuer cost-share for each benefit category and benefit plan.

In addition to cost sharing differences, this adjustment also includes utilization differences due to differences in cost sharing. In evaluating adjustment for utilization changes, CHLIC has relied on internal studies that used regression analysis at the major service category level, to develop a relationship between historical utilization and corresponding expected cost-sharing. This adjustment is consistent with the description on page 62 of the 2017 Unified Rate Review Instructions. There are no explicit and/or additional adjustments used in our rate development process that reflect expected differences in utilization due to health status.

The adjustment for non-tobacco user status was developed by a weighted average of the expected claim cost between tobacco-user and non-tobacco-user by an assumed distribution.

16. CALIBRATION

CHLIC calibrates the Plan Adjusted Index Rates to apply the allowable rating factors (age and geography) in order to calculate Consumer Adjusted Premium Rates. The calibration for each allowable rating factor is described below.

a. Age Curve Calibration

The weighted average age factor for the projected membership was calculated using the Default Federal Standard Age Curve. The average age associated with this projected membership (rounded to the nearest whole number) is 47. This single risk pool average age was determined using a blend of CHLIC’s current 2016 age distribution for similar products and 2016 industry-wide, Virginia enrollment data released by CMS. The Plan Adjusted Index Rate was divided by the weighted average age factor mentioned above, to arrive at the calibrated Plan Adjusted Index Rate for a 21 year old. A demonstration of how the Plan Adjusted Index Rate and the age curve were used to generate the calibrated Plan Adjusted Index Rate for each plan is provided below.

b. Geographic Factors

Rate variations among geographical areas vary only by the geographic rating regions defined by the federal government. Area factors reflect only differences in the cost of the delivery of medical services among rating areas for a standard population and fixed market basket of covered services. The following table shows the geographic factors for each defined area in Virginia:

Area	7	10
Area Factor	1.00	1.06
Membership	31.0%	69.0%

An average geographic factor is developed based on the projected distribution of membership across all areas. Then the calibrated Plan Adjusted Index Rate is calculated as Plan Adjusted Index Rate divided by this weighted average geographic factor.

Note that plans 41921VA0020001 through 41921VA0020009 will only be available in Area 7 and plans 41921VA0020010 through 41921VA0020018 will only be available in Area 10. Because an identical portfolio of plans is being offered in both areas, for filing purposes, a simplifying assumption was made to assume the PAIR for each unique plan design, represented by a pair of Plan IDs, reflects the average expected membership distribution by rating area shown in the table above. This simplified method has no impact on the final Calibrated PAIR or Consumer-Adjusted Premium Rate.

A demonstration of calibration for the Plan Adjusted Index Rate is provided in the table below.

HIOS Plan ID	PAIR	Geographic Calibration	Demographic Calibration	Calibrated PAIR
41921VA0020001	\$327.62	0.96	0.64	\$202.26
41921VA0020002	\$311.57	0.96	0.64	\$192.35
41921VA0020003	\$317.24	0.96	0.64	\$195.85
41921VA0020004	\$336.72	0.96	0.64	\$207.88
41921VA0020005	\$394.67	0.96	0.64	\$243.66
41921VA0020006	\$375.50	0.96	0.64	\$231.82
41921VA0020007	\$438.81	0.96	0.64	\$270.91
41921VA0020008	\$450.15	0.96	0.64	\$277.90
41921VA0020009	\$511.18	0.96	0.64	\$315.58
41921VA0020010	\$327.62	0.96	0.64	\$202.26
41921VA0020011	\$311.57	0.96	0.64	\$192.35
41921VA0020012	\$317.24	0.96	0.64	\$195.85

41921VA0020013	\$336.72	0.96	0.64	\$207.88
41921VA0020014	\$394.67	0.96	0.64	\$243.66
41921VA0020015	\$375.50	0.96	0.64	\$231.82
41921VA0020016	\$438.81	0.96	0.64	\$270.91
41921VA0020017	\$450.15	0.96	0.64	\$277.90
41921VA0020018	\$511.18	0.96	0.64	\$315.58

* The Plan Adjusted Index Rate represents average premium for the projected single risk pool at the unrounded average age, weighted using the best-estimate Default Federal Standard Age Curve factors. Linear interpolation between integer Default Federal Standard Age Curve factors was used in the development of the Demographic Calibration factor.

17. CONSUMER ADJUSTED PREMIUM RATE

Consumer Adjusted Premium Rate is developed by applying the following allowable adjustments to the calibrated Plan Adjusted Index Rate.

- Individual and family tier – applied by summing the premiums for each individual family member, provided at most three child dependents under age 21 are taken into account
- Rating area factor – applied by multiplying the area factors to the calibrated Plan Adjusted Index Rate
- Age factor – applied by multiplying the age factor to the calibrated Plan Adjusted Index Rate
- Tobacco status – applied by multiplying the tobacco factor calibrated to the Plan Adjusted Index Rate

18. AV METAL VALUES

The AV Metal Values shown in Worksheet 2 of the URRT for the following plans were based entirely on the AV Calculator. Therefore, CHLIC has not submitted a Unique Plan Design justification for these plans.

HIOS Plan ID	
41921VA0020001	41921VA0020010
41921VA0020002	41921VA0020011

The AV Metal Values shown in Worksheet 2 of the URRT for the plans listed below were based on the AV Calculator, with the exception of the following unique benefits for select plan designs:

- Cost Sharing for Pharmacy Generic Drugs
- Cost-Sharing for Pharmacy Retail vs. Home-Delivery Service
- Cost Sharing for Mental Health/Substance Abuse Outpatient Office Visit vs. Facility Visit Services (where OV are copay and Facility visits are ded/coins)
- Cost Sharing for Telehealth
- Copay for Urgent Care Services

These benefits were outside the scope of the AV Calculator and hence an alternate methodology was deemed necessary as per 45 CFR 156.135(b). The impacted plans, alternate methodologies, and the reason for their use is explained in the accompanying actuarial certification titled “41921_va_uniqueplandesign_4_11_2016.pdf”.

HIOS Plan ID		
41921VA0020003	41921VA0020008	41921VA0020015
41921VA0020004	41921VA0020009	41921VA0020016
41921VA0020005	41921VA0020012	41921VA0020017
41921VA0020006	41921VA0020013	41921VA0020018
41921VA0020007	41921VA0020014	

19. AV PRICING VALUES

A demonstration of the development of the Plan Adjusted Index Rate from the Market Adjusted Index Rate is provided table below.

HIOS Plan ID	MAIR	Actuarial Value and CS	Network, Delivery, and UM	Benefits in Addition to EHB	Catastrophic Plans	Distribution and Admin Costs	PAIR
41921VA0020001	\$433.87	0.62	1.00	1.00	1.00	1.21	\$327.62
41921VA0020002	\$433.87	0.59	1.00	1.00	1.00	1.21	\$311.57
41921VA0020003	\$433.87	0.60	1.00	1.00	1.00	1.21	\$317.24
41921VA0020004	\$433.87	0.64	1.00	1.00	1.00	1.21	\$336.72
41921VA0020005	\$433.87	0.75	1.00	1.00	1.00	1.21	\$394.67
41921VA0020006	\$433.87	0.71	1.00	1.00	1.00	1.21	\$375.50
41921VA0020007	\$433.87	0.83	1.00	1.00	1.00	1.21	\$438.81
41921VA0020008	\$433.87	0.86	1.00	1.00	1.00	1.21	\$450.15
41921VA0020009	\$433.87	0.97	1.00	1.00	1.00	1.21	\$511.18
41921VA0020010	\$433.87	0.62	1.00	1.00	1.00	1.21	\$327.62
41921VA0020011	\$433.87	0.59	1.00	1.00	1.00	1.21	\$311.57
41921VA0020012	\$433.87	0.60	1.00	1.00	1.00	1.21	\$317.24
41921VA0020013	\$433.87	0.64	1.00	1.00	1.00	1.21	\$336.72
41921VA0020014	\$433.87	0.75	1.00	1.00	1.00	1.21	\$394.67
41921VA0020015	\$433.87	0.71	1.00	1.00	1.00	1.21	\$375.50
41921VA0020016	\$433.87	0.83	1.00	1.00	1.00	1.21	\$438.81
41921VA0020017	\$433.87	0.86	1.00	1.00	1.00	1.21	\$450.15
41921VA0020018	\$433.87	0.97	1.00	1.00	1.00	1.21	\$511.18

CHLIC is not incorporating any impact due to the different morbidity or health status of individuals who select certain plans in the derivation of the Pricing AV. See Section 15 in this document for an explanation of the factors used in the development of the Pricing AV.

20. MEMBERSHIP PROJECTIONS

The membership projections for CHLIC’s benefit plans are developed internally as best estimates. They are based on market enrollment data and expected market share in Virginia. Active membership splits for the national Individual block of business and the marketplace were blended with CHLIC’s most recent enrollment data for similar products. This blended distribution was used to develop projections by exchange indicator and metal tiers. The projected distribution of member months represents our expectation of the industry average distribution of enrollment by age for the Individual Market for 2017. For Silver metal plans, the projected enrollment subject to cost-sharing reduction subsidies at each level is developed based on the most recent actual enrollment data for similar products for the Individual block of business.

Distribution by Plan by CSR-Level				
Plan ID	100%-150% FPL	150%-200% FPL	200%-250% FPL	>250% FPL
41921VA0020005	43%	23%	9%	25%
41921VA0020006	43%	23%	9%	25%
41921VA0020007	43%	23%	9%	25%
41921VA0020008	43%	23%	9%	25%
41921VA0020014	43%	23%	9%	25%

41921VA0020015	43%	23%	9%	25%
41921VA0020016	43%	23%	9%	25%
41921VA0020017	43%	23%	9%	25%

21. TERMINATED PRODUCTS

Please note that there are no terminated products because this will be the first year that individual health insurance coverage will be offered by CHLIC in Virginia.

22. PLAN TYPE

The plan types as inputted in Section I, Worksheet 2 of the URRT accurately describe the plans in this filing.

23. WARNING ALERTS

Please note that there are no warning alerts in Worksheet 2 of the URRT.

24. EFFECTIVE RATE REVIEW INFORMATION

a. Financial Information

Cigna Health & Life Insurance Company (CHLIC)				
(\$ Millions)	2012	2013	2014	2015
Stat Capital & Surplus	1,018	1,714	2,800	3,009
Authorized Control Level RBC	172	355	480	566

CHLIC is in strong financial condition. The YE 2015 ACL RBC ratio was 558%. In prior years when the company was significantly smaller, the RBC ratio was much higher. For the next few years, CHLIC is expected to maintain an ACL RBC ratio around 550%. The proposed plans and rates will have an immaterial impact on the company's financial condition, even with significant membership growth.

b. Rating Information

To see the proposed rate manual by age, area and smoking status please reference the accompanying QHP Rate Data Template. For additional rating rules used in deriving the premium please refer to the accompanying Business Rules Template.

A description of the benefits for all plans proposed in this filing is shown in the accompanying Plan Benefits Template.

Please note that CHLIC shall satisfy the requirement to offer coverage for all essential health benefits off-exchange by providing all applicants both a medical policy that does not include a pediatric dental benefit, and a standalone exchange-certified pediatric dental policy.

c. Other

CHLIC's anticipated loss ratio (without ACA adjustments) for the proposed plans in this filing is 80.0%.

25. RELIANCE

I have relied on data and analysis provided by Zachary Hoffman, Actuarial Senior Specialist, in developing the proposed premium rates and in preparing the Part 1 Unified Rate Review Template submission. I have also relied on claim, premium, enrollment, and risk score data supplied by Lyn Dills, Analytics Senior Specialist, and Allyssa Ward, Actuarial Specialist. The data have been reviewed for reasonableness but have not been audited. In addition, I have relied on other internal and external sources, including data provided by Wakely Consulting, to develop the underlying assumptions used in the pricing methodology.

26. ACTUARIAL CERTIFICATION

I, James Norton, am a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify, to the best of my knowledge and judgment, that:

- a) The rates proposed in the above noted rate filing are
 - In compliance with all applicable State & Federal Statutes & Regulations (45 CFR 156.80(d)(1))
 - Developed in compliance with applicable Actuarial Standards of Practice, including but not limited to the following:
 - ASOP #5, Incurred Health & Disability Claims
 - ASOP #8, Regulatory Filings for Health Plan Entities
 - ASOP #12, Risk Classification
 - ASOP #23, Data Quality
 - ASOP #25, Credibility Procedures Applicable to Accident & Health, Group Term Life, and Property & Casualty Coverages
 - ASOP #26, Compliance with Statutory & Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans
 - ASOP #41, Actuarial Communications
 - Reasonable in relation to the benefits provided and the population anticipated to be covered
- b) The Projected Index Rate presented in this filing is:
 - a. In compliance with all applicable state and Federal statutes and regulations in 45 CFR 156.80(d)(1)
 - b. Developed in compliance with the applicable Actuarial Standards of Practice
 - c. Reasonable in relation to the benefits provided and the population anticipated to be covered
 - d. Neither excessive nor deficient
- c) Plan level rates were generated using only the index rate and allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2)
- d) The geographic rating factors reflect only differences in the costs of delivery, including unit cost and provider practice pattern differences, and do not include differences for population morbidity by geographic area.
- e) The percent of total premium that represents Essential Health Benefits included in Worksheet 2, Section IV, of the Part 1 URRT was calculated in accordance with applicable Actuarial Standards of Practice
- f) The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I URRT for all plans, save the exceptions shown in Section 18, which are further explained in the accompanying actuarial certification “41921_va_uniqueplandesign_4_11_2016.pdf”.

The URRT does not demonstrate the process used to develop the rates presented in this filing. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally-facilitated Marketplaces, and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.



James Norton, FSA, MAAA
Actuarial Manager
Cigna Health & Life Insurance Company
James.Norton@Cigna.com