

SERFF Tracking Number: HGHM-127340411 State: Pennsylvania  
 Filing Company: Highmark, Inc State Tracking Number: HGHM-127340411  
 Company Tracking Number: 2A-HDHP\_CDP\_GI-11-HBS  
 TOI: H16I Individual Health - Major Medical Sub-TOI: H16I.005A Individual - Preferred Provider (PPO)  
 Product Name: 2A-HDHP\_CDP\_GI-11-HBS  
 Project Name/Number: 2A-HDHP\_CDP\_GI-11-HBS/2A-HDHP\_CDP\_GI-11-HBS

## Filing at a Glance

Company: Highmark, Inc

Product Name: 2A-HDHP\_CDP\_GI-11-HBS SERFF Tr Num: HGHM-127340411 State: Pennsylvania  
 TOI: H16I Individual Health - Major Medical SERFF Status: Assigned State Tr Num: HGHM-127340411  
 Sub-TOI: H16I.005A Individual - Preferred Provider (PPO) Co Tr Num: 2A-HDHP\_CDP\_GI-11-State Status: Received Review in Progress  
 Filing Type: Rate - G.I. H.D. (Guaranteed Issue High-Deductible Health Plan) Reviewer(s): Cherri Sanders-Jones (AH)

Authors: Kevin Luu, Mark Disposition Date:

Schlemmer, Frank Haver, Gregory

Amspacher, James Partyka

Date Submitted: 07/27/2011 Disposition Status:

Implementation Date Requested: 01/01/2012 Implementation Date:

State Filing Description:

2A-HDHP\_CDP\_GI-11-HBS - PAB 8-13-2011 rri = 9.9%

## General Information

Project Name: 2A-HDHP\_CDP\_GI-11-HBS  
 Project Number: 2A-HDHP\_CDP\_GI-11-HBS  
 Requested Filing Mode: Review & Approval

Explanation for Combination/Other:  
 Submission Type: New Submission  
 Overall Rate Impact:

Deemer Date: 10/26/2011  
 Submitted By: Gregory Amspacher

PPACA: Not PPACA-Related

PPACA Notes: null

Filing Description:

See cover letter and memorandum for details

Status of Filing in Domicile:  
 Date Approved in Domicile:  
 Domicile Status Comments: Pennsylvania is the state of domicile  
 Market Type: Individual  
 Individual Market Type: Individual  
 Filing Status Changed: 07/28/2011  
 State Status Changed: 07/28/2011  
 Created By: Gregory Amspacher  
 Corresponding Filing Tracking Number: HGHM-127338784

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## Company and Contact

### Filing Contact Information

Kevin Luu, kevin.luu@highmark.com  
1800 Center Street 717-302-2203 [Phone]  
Camp Hill, PA 17011

### Filing Company Information

Highmark, Inc CoCode: 54771 State of Domicile: Pennsylvania  
1800 Center Street Group Code: Company Type:  
Camp Hill, PA 17081 Group Name: State ID Number:  
(717) 302-3971 ext. [Phone] FEIN Number: 23-1294723  
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## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: Yes

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## Rate Information

Rate data applies to filing.

### Filing Method:

### Rate Change Type:

Increase

### Overall Percentage of Last Rate Revision:

%

### Effective Date of Last Rate Revision:

### Filing Method of Last Filing:

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):	
Highmark, Inc	Increase	%	%				%	%	
<b>Product Type:</b>		<b>HMO</b>	<b>PPO</b>	<b>EPO</b>	<b>POS</b>	<b>HSA</b>	<b>HDHP</b>	<b>FFS</b>	<b>Other</b>
<b>Covered Lives:</b>							1,629		
<b>Policy Holders:</b>							1,317		

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## Rate Review Details

### COMPANY:

Company Name: Highmark, Inc  
HHS Issuer Id: 33709  
Product Names: GI PPOBlue High Deductible Health Plan  
Trend Factors:

### FORMS:

New Policy Forms:  
Affected Forms:  
Other Affected Forms: HDHP/CDP-GI

### REQUESTED RATE CHANGE

#### INFORMATION:

Change Period: Annual  
Member Months: 19,546  
Benefit Change: Increase  
Percent Change Requested: Min: 9.9 Max: 9.9 Avg: 9.9

#### PRIOR RATE:

Total Earned Premium: 9,692,414.00  
Total Incurred Claims: 12,786,771.00  
Annual \$: Min: 495.89 Max: 495.89 Avg: 495.89

#### REQUESTED RATE:

Projected Earned Premium: 10,651,963.00  
Projected Incurred Claims: 14,497,739.00  
Annual \$: Min: 544.98 Max: 544.98 Avg: 544.98

SERFF Tracking Number: *HGHM-127340411* State: *Pennsylvania*  
 Filing Company: *Highmark, Inc* State Tracking Number: *HGHM-127340411*  
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 Project Name/Number: *2A-HDHP\_CDP\_GI-11-HBS/2A-HDHP\_CDP\_GI-11-HBS*

## Rate/Rule Schedule

Schedule Item Status:	Document Name:	Affected Form Numbers: (Separated with commas)	Rate Action:	Rate Action Information:	Attachments
	2A-HDHP_CDP_GI-11-HBS_Rates		New		2A-HDHP_CDP_GI-11-HBS_Rates.pdf

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Summary of Requested Monthly Rates**  
**Monthly Attained Age Rates for Form #HDHP/CDP-GI**  
**Effective January 1, 2012**

	<b>Subscriber</b>	<b>Subscriber/ Child</b>	<b>Subscriber/ Children</b>	<b>Subscriber/ Spouse</b>	<b>Subscriber/ Spouse/Child</b>	<b>Subscriber/ Spouse/Children</b>
<b>Option 1: \$1,500 Deductible (Previously \$1,200)</b>	\$610.25	\$909.25	\$1,208.20	\$1,220.40	\$1,519.30	\$1,818.45
<b>Option 2: \$2,600 Deductible</b>	\$516.50	\$769.45	\$1,022.80	\$1,032.90	\$1,285.95	\$1,539.20
<b>Option 3: \$3,500 Deductible</b>	\$477.80	\$711.90	\$946.30	\$955.65	\$1,190.05	\$1,423.95

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## Supporting Document Schedules

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Transmittal Letter (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Actuarial Certification (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b> Actuarial Memorandum and Explanatory Information (A&H)		
<b>Comments:</b>		
<b>Attachments:</b>		
2A-HDHP_CDP_GI-11-HBS_exhibits_PID.pdf		
2A-HDHP_CDP_GI-11-HBS_exhibits_PID.xls		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Advertisements (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Authorization to File (A&H)		
<b>Bypass Reason:</b> NA		

SERFF Tracking Number: HGHM-127340411 State: Pennsylvania  
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 Product Name: 2A-HDHP\_CDP\_GI-11-HBS  
 Project Name/Number: 2A-HDHP\_CDP\_GI-11-HBS/2A-HDHP\_CDP\_GI-11-HBS

**Comments:**

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Insert Page Explanation (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> PPACA Uniform Compliance Summary		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Rate Table (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Replacement Form with Highlighted Changes (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		

	<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b> Variability Explanation (A&H)		
<b>Bypass Reason:</b> NA		
<b>Comments:</b>		



July 27, 2011

Mr. Peter Camacci, Director  
Bureau of Accident and Health Insurance  
Office of Insurance Product Regulation and Administration  
Commonwealth of Pennsylvania Insurance Department  
1311 Strawberry Square  
Harrisburg, PA 17120

Re: Highmark Blue Shield Filing # 2A-HDHP/CDP/GI-11-HBS  
Request to Increase Rates for the Direct Pay Guaranteed Issue PPO High Deductible Health Plans  
(Central Region)

Dear Mr. Camacci:

For the PA Bulletin:

*By filing No. 2A-HDHP/CDP/GI-11-HBS, Highmark Inc., d/b/a Highmark Blue Shield, requests approval to increase the premium rates for its Direct Pay Guaranteed Issue PPO High Deductible Health Plan (Central Region). The filing requests an average increase of about 9.9% or \$60.73 per contract per month. This will affect about 1,300 contract-holders and will produce additional premium income of about \$80,000 monthly. The requested effective date of the change is January 1, 2012.*

Rates were last approved for this program January 1, 2011 when rates were increased 9.9% (PAAH-126793996). The requested rates are shown on Attachment I.

In addition to the increase in premium rates, the following benefit changes are being made to the plan:

- Removal of Private Duty Nursing
- Extend Infusion Therapy to be eligible with certain providers
- Clarify contract language to exclude Surrogate Maternity

Should you have any questions regarding this filing, please contact me at (717) 302-3077 or via email at [frank.haver@highmark.com](mailto:frank.haver@highmark.com). Questions regarding the actuarial memorandum can be addressed to Kevin Luu at (717) 302-2203 or via email at [kevin.luu@highmark.com](mailto:kevin.luu@highmark.com).

Sincerely,

A handwritten signature in blue ink that reads "Frank B. Haver".

Frank B. Haver, F.S.A., M.A.A.A.  
Director, Actuarial Services

Enclosure

**Highmark Inc.**  
**d/b/a/ Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans (Central Region)**  
**Effective January 1, 2012**  
**ACTUARIAL MEMORANDUM**

Filing Number: 2A-HDHP/CDP/GI-11-HBS  
Submission Date: July 27, 2011

**RE: HIGHMARK BLUE SHIELD'S APPLICATION FOR APPROVAL OF REVISED RATES  
FOR THE DIRECT PAY GUARANTEED ISSUE PPO HIGH DEDUCTIBLE HEALTH  
PLANS (CENTRAL REGION) EFFECTIVE JANUARY 1, 2012.**

**I. INTRODUCTION**

Highmark Blue Shield (HBS and "the Plan") hereby makes application for approval of revised rates for the Guaranteed Issue PPO High Deductible Health Plan in the Central Region effective January 1, 2012. The filing affects form number HDHP/CDP-GI. The rates are calculated based on a 12-month rating period of January 1, 2012 through December 31, 2012. The Plan has adjusted the rate increase to 9.9% in order to minimize the impact to our members. Base rates were last approved for this plan in filing #1A-HDHP/CDP/GI-10-HBS (PAAH-126793996), effective January 1, 2011.

In addition to the rate change, the Plan is requesting the following benefit changes:

- Removal of Private Duty Nursing
- Extend Infusion Therapy to be eligible with certain providers
- Clarify contract language to exclude Surrogate Maternity

**II. RATE DEVELOPMENT**

Exhibit I-A shows the rate development. The base period pure premium PCPM has been trended at the annual requested factor of 13.3% to the projected rating period and is shown in Exhibit I-A, Line 4a.

Exhibit I-A, Line 4b adjusts the claims by -0.07% for recoveries. This percentage represents an estimate of how much the Plan expects to recover from certain class action lawsuits and special investigations that the Plan participates in. A study was done in 2010 that divided these recovery amounts by broad product categories to determine the percentage and it is assumed that a similar percentage will be recovered in the rating period.

The experience is adjusted by -4.00% in Exhibit I-A, Line 4c for benefit changes effective January 1, 2011. The factor is based on last year's filing (1A-HDHP/CDP/GI-10-HBS, PAAH-126793996). The impact of the benefit changes is multiplied by nine twelfths since three months of the experience period already reflects the change.

Exhibit I-A, Line 4d adjusts the base claim experience by 1.25% for recent Patient Protection and Affordable Care Act (PPACA) benefit changes effective October 1, 2010. The development of this factor is shown in Section III below.

The experience is adjusted by -0.38% in Exhibit I-A, Line 4e for proposed benefit changes effective January 1, 2012. The development of this factor is shown in Section IV below.

An amount for hospital incentives and drug rebates is added in Exhibit I-A, Line 6. An administrative expense amount is added in Exhibit I-A, Line 8.

The required premium PCPM is shown in Exhibit I-A, Line 14. This required premium figure is compared to the income at current rates PCPM to arrive at the calculated percentage increase in Exhibit I-A, Line 15. A business decision adjustment is added in Exhibit I-A, Line 16 to reduce the requested rate change to 9.9% (Exhibit I-A, Line 17).

The determination of each element of the calculation is described in the sections below. Exhibit I-B shows the projected income at current rates calculation.

### **III. NEAR-TERM PPACA BENEFIT CHANGES**

Benefit changes were made effective October 1, 2010 to adjust for near-term impacts of the Patient Protection and Affordable Care Act (PPACA). The estimated claim increase due to these changes is included below.

Eliminate \$5 million Lifetime Maximum	0.03%
Eliminate \$1 million Benefit Period Maximum	0.05%
Eliminate \$50,000 annual Rx Maximum	0.29%
Add Dependent Coverage to age 26	1.10%
Eliminate Preventive Cost Sharing	1.02%
<hr/> Total Change	<hr/> 2.51%

Group factors approved in filing 1-NGPPO-10-HBS (PAAH-126605026) were used to estimate the impact of removing the lifetime and benefit period maximums and the extension of dependent coverage.

The estimated impact of the elimination of the annual Rx maximum was based on the prescription drug filing 1-EXPRX-10-HI (PAAH-126696398), Attachment II-C CPA.

The estimated impact for the elimination of the preventive cost sharing was based on the product of the cost sharing and the proportion of total claims that are preventive as defined by Highmark's preventive schedule. Based on approved filing 1-NGPPO-10-HBS (PAAH-126605026) Attachment III, the proportion of preventive claims is approximately 6.4%.

Individual factors were weighted to approximate the total product impact by assuming a claim expenditure weighting of 80% medical and 20% prescription drug. The total impact is multiplied by six twelfths since six months of the experience period already reflects these changes.

#### **IV. BENEFIT CHANGES**

Several benefit changes are being requested effective January 1, 2012. The expected impact to claims for these benefit changes is -0.38% (Exhibit I-A, Line 4e). The following changes are being requested along with the estimated impact to claims:

- Removal of Private Duty Nursing: -0.38%
- Extend Infusion Therapy to be eligible with certain providers: 0.00%
- Clarify contract language to exclude Surrogate Maternity: 0.00%

The estimated impact of the elimination of Private Duty Nursing is based on group factors from filing 2-NGPPO-09-HBCBS (PAAH-126396429). The combination of these factors and a claim expenditure weighting of 80% medical and 20% prescription drug produces a total product impact of -0.38%.

The estimated impact of extending the infusion therapy benefit to be eligible with certain providers is expected to be extremely small. Therefore, no rating adjustment is included in this filing and any impact will be captured in future claim experience.

The Plan is also clarifying contract language to exclude Surrogate Maternity coverage. Since this is a clarification, no rate impact is expected.

#### **V. REQUESTED RATES**

Based on the assumptions above, an average rate adjustment of 9.9% is requested to cover projected claims, administrative expenses, and other retention items over the rating period. Final rates were rounded to the nearest \$0.05. The requested rates are shown in the Summary of Requested Rates in Attachment I.

#### **VI. INCURRED CLAIMS**

Incurred claims for the period April 1, 2010 through March 31, 2011, paid through April 2011 were used as the base. These incurred claims were completed using monthly factors from the Corporate Reserve System. The ultimate incurred claim PCPM is shown in Exhibit I-A, Line 3. Exhibit II shows the claims experience.

#### **VII. TREND FACTOR**

Trend data is shown in Exhibit II. The Plan used Exhibit II and a regression tool developed by the Plan's valuation actuaries to estimate the future trend rate. The regression tool removes components of trend that are more explainable from the observed trend rates and then uses regression analysis to isolate the underlying trend rate. Some of the more explainable variables include high dollar claims, work days, provider contracting, demographics, and seasonality. The total trend is the sum of the explainable components and the estimated underlying trend rate. A total trend factor of 13.3% is requested. The valuation regression tool as well as twelve-, six-, and three-month trends were reviewed, and the final requested trend is based on actuarial judgment.

### **VIII. ADMINISTRATIVE EXPENSE**

Historical and projected administrative expenses are presented in Exhibit III. Requested expenses for this filing are based on assumptions developed in Highmark's internal financial forecast. The estimated 1/1/2012 – 12/31/2012 administrative expense is \$35.85 PCPM. A small adjustment is made to account for the experience period mix of business in Exhibit I-A, Line 8.

### **IX. SUBSIDY CREDIT**

The explicit subsidy included as a PCPM credit in prior rate developments is now captured in the overall business decision adjustment found on Exhibit I-A, Line 16. This change consolidates the Plan's subsidization of this product into a single, concise component of the rate development.

### **X. RISK AND CONTINGENCY**

As per the Surplus Determination Order issued by the Department on February 9, 2005, Highmark Inc. is not including a risk and contingency charge since its surplus currently falls into the sufficient operating range as defined by the Order.

### **XI. FEDERAL INCOME TAX FACTOR**

In conjunction with the removal of the risk and contingency charge, the federal income tax charge has also been removed.

### **XII. INVESTMENT INCOME CREDIT**

In conjunction with the removal of the risk and contingency charge, the investment income credit has also been removed.

### **XIII. FINANCIAL EXPERIENCE**

A financial history is shown in Exhibit V.



Kevin Q. Luu, A.S.A., M.A.A.A.



Date

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue PPO High Deductible Health Plans (Central Region)**  
**Supplemental Material**

Attachment I	Requested Rates
Attachment II	Summary of Requested Rate Change
Exhibit I-A	Rate Development
Exhibit I-B	Income at Current Rates Calculation
Exhibit II	Claims Experience and Trend Calculation
Exhibit III	Administrative Expenses
Exhibit IV	Requested Rate Change
Exhibit V	Financial Experience

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Summary of Requested Monthly Rates**  
**Monthly Attained Age Rates for Form #HDHP/CDP-GI**  
**Effective January 1, 2012**

	<b>Subscriber</b>	<b>Subscriber/ Child</b>	<b>Subscriber/ Children</b>	<b>Subscriber/ Spouse</b>	<b>Subscriber/ Spouse/Child</b>	<b>Subscriber/ Spouse/Children</b>
<b>Option 1: \$1,500 Deductible (Previously \$1,200)</b>	\$610.25	\$909.25	\$1,208.20	\$1,220.40	\$1,519.30	\$1,818.45
<b>Option 2: \$2,600 Deductible</b>	\$516.50	\$769.45	\$1,022.80	\$1,032.90	\$1,285.95	\$1,539.20
<b>Option 3: \$3,500 Deductible</b>	\$477.80	\$711.90	\$946.30	\$955.65	\$1,190.05	\$1,423.95

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Summary of Requested Rate Change**  
**Effective January 1, 2012**

<u>Plan</u>	<u>Rating Period Projected Income Before Rate Increase</u>	<u>Rating Period Projected Income After Rate Increase</u>	<u>Rating Period Amount of Change Requested</u>	<u>Average Increase Per Contract Month</u>	<u>Requested Percent Change</u>	<u>Rating Period Projected Contract Months</u>
<b>Guaranteed Issue HDHP</b>	\$9,692,414	\$10,651,963	\$959,549	\$60.73	9.9%	15,799

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Rates Effective January 1, 2012**

	<u>Annual Factors</u>	<u>PCPM</u>
1. Projected contract months (1/12 - 12/12)		15,799
2. Income at Current Rates PCPM (Exhibit I-B)		\$617.84
3. Pure Premium PCPM for the period April 1, 2010 through March 31, 2011, paid through April 2011		\$769.44
4a. Annual Trend Rate from October 1, 2010 to July 1, 2012 (mid-points)	13.3%	
4b. Adjustment for Recoveries	-0.07%	
4c. Benefit Changes (Effective 1/1/2011)	-4.00%	
4d. Benefit Change Adjustment (Near Term Health Reform Changes effective 10/1/2010)	1.25%	
4e. Benefit Changes (Effective 1/1/2012)	-0.38%	
5. Projected Pure Premium PCPM		\$926.86
6. Drug Rebates and Hospital Incentives		(\$2.72)
7. Projected Pure Premium PCPM after rebates		\$924.15
8. Projected Administrative Expense PCPM (Exhibit III)		<u>\$36.10</u>
9. Projected Total Underwriting Expense PCPM		\$960.25
10. Risk and Contingency Charge	0.00%	\$0.00
11. Federal Income Tax Charge	0.00%	<u>\$0.00</u>
12. Subtotal PCPM		\$960.25
13. Investment Income Credit	0.00%	<u>\$0.00</u>
14. Required Premium PCPM		\$960.25
15. Calculated increase		55.4%
16. Business Decision Adjustment to calculated rate change		-45.5%
<b>17. Requested percentage increase</b>		<b>9.9%</b>

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Income at Current Rates Calculation**

**April 2010 through March 2011 Enrollment Distribution**

	<b>Subscriber</b>	<b>Subscriber/ Child</b>	<b>Subscriber/ Children</b>	<b>Subscriber/ Spouse</b>	<b>Subscriber/ Spouse/Child</b>	<b>Subscriber/ Spouse/Children</b>
Option 1 (\$1,500 Deductible)	54.46%	0.48%	0.14%	7.64%	1.12%	0.62%
Option 2 (\$2,600 Deductible)	13.58%	0.14%	0.11%	3.97%	0.42%	0.55%
Option 3 (\$3,500 Deductible)	14.53%	0.05%	0.00%	1.81%	0.25%	0.13%

**April 2011 (Snapshot) Enrollment Distribution**

	<b>Subscriber</b>	<b>Subscriber/ Child</b>	<b>Subscriber/ Children</b>	<b>Subscriber/ Spouse</b>	<b>Subscriber/ Spouse/Child</b>	<b>Subscriber/ Spouse/Children</b>
Option 1 (\$1,500 Deductible)	51.29%	0.50%	0.20%	7.54%	0.99%	0.69%
Option 2 (\$2,600 Deductible)	15.08%	0.10%	0.10%	3.67%	0.30%	0.60%
Option 3 (\$3,500 Deductible)	16.27%	0.10%	0.00%	2.28%	0.20%	0.10%

**Current Approved Rates Effective January 1, 2011**

	<b>Subscriber</b>	<b>Subscriber/ Child</b>	<b>Subscriber/ Children</b>	<b>Subscriber/ Spouse</b>	<b>Subscriber/ Spouse/Child</b>	<b>Subscriber/ Spouse/Children</b>
Option 1 (\$1,500 Deductible)	\$555.30	\$827.35	\$1,099.35	\$1,110.45	\$1,382.45	\$1,654.65
Option 2 (\$2,600 Deductible)	\$469.95	\$700.15	\$930.65	\$939.85	\$1,170.10	\$1,400.55
Option 3 (\$3,500 Deductible)	\$434.75	\$647.75	\$861.05	\$869.55	\$1,082.85	\$1,295.70

<b>Income at Current Rates PCPM (Experience Period)</b>	\$617.84
<b>Income at Current Rates PCPM (Snapshot)</b>	\$613.48
<b>Projected 1/12 - 12/12 Contract Months</b>	15,799
<b>Projected 1/12- 12/12 Member Months</b>	19,546
<b>Projected Income at Current Rates</b>	\$9,692,414

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Incurred Claims and Exposure**  
**All Deductible Levels**

Date	Incurred & Paid	Allowed	Completion Factor	Ultimate Payments	Ultimate Allowances	Contracts	Paid Monthly PCPM	Paid 3-Month Moving Avg. PCPM	3-Month Trend	Paid 6-Month Moving Avg. PCPM	6-Month Trend	Paid 12-Month Moving Avg. PCPM	12-Month Trend
Jan-06													
Feb-06													
Mar-06													
Apr-06													
May-06													
Jun-06													
Jul-06						2	\$0.00						
Aug-06						4	\$0.00						
Sep-06	\$147	\$677	1.0000	\$147	\$677	13	\$11.35	\$7.76					
Oct-06	\$13,206	\$23,933	1.0000	\$13,206	\$23,933	33	\$400.17	\$267.06					
Nov-06	\$6,944	\$19,624	1.0000	\$6,944	\$19,624	50	\$138.89	\$211.43					
Dec-06	\$66,843	\$87,094	1.0000	\$66,843	\$87,094	63	\$1,061.00	\$595.84		\$528.12			
Jan-07	\$44,729	\$66,739	1.0000	\$44,729	\$66,739	99	\$451.81	\$559.04		\$503.32			
Feb-07	\$49,248	\$77,582	1.0000	\$49,248	\$77,582	130	\$378.83	\$550.76		\$466.80			
Mar-07	\$114,146	\$151,250	1.0000	\$114,146	\$151,250	150	\$760.97	\$549.14		\$562.13			
Apr-07	\$91,328	\$127,521	1.0000	\$91,328	\$127,521	185	\$493.66	\$547.79		\$551.31			
May-07	\$86,949	\$130,356	1.0000	\$86,949	\$130,356	204	\$426.22	\$542.53		\$545.42			
Jun-07	\$95,921	\$132,989	1.0000	\$95,921	\$132,989	222	\$432.07	\$448.77		\$487.19			
Jul-07	\$154,600	\$207,197	1.0000	\$154,600	\$207,197	249	\$620.89	\$499.96		\$519.47			
Aug-07	\$362,727	\$394,284	1.0000	\$362,727	\$394,284	273	\$1,328.67	\$824.26		\$705.90		\$650.38	
Sep-07	\$191,836	\$235,834	1.0000	\$191,836	\$235,834	289	\$663.79	\$874.43	11164.63%	\$691.53		\$656.64	
Oct-07	\$297,653	\$357,712	1.0000	\$297,653	\$357,712	320	\$930.17	\$966.23	261.80%	\$764.09		\$699.61	
Nov-07	\$192,373	\$253,792	1.0000	\$192,373	\$253,792	354	\$543.43	\$708.06	234.89%	\$758.71		\$688.87	
Dec-07	\$255,835	\$313,458	1.0000	\$255,835	\$313,458	365	\$700.92	\$717.86	20.48%	\$786.50	48.92%	\$682.16	
Jan-08	\$189,740	\$279,590	1.0000	\$189,740	\$279,590	394	\$481.57	\$573.18	2.53%	\$746.95	48.41%	\$664.23	
Feb-08	\$209,893	\$275,096	1.0000	\$209,893	\$275,096	406	\$516.98	\$562.63	2.16%	\$628.44	34.63%	\$657.58	
Mar-08	\$207,155	\$294,719	1.0000	\$207,155	\$294,719	416	\$497.97	\$499.00	-9.13%	\$599.84	6.71%	\$635.30	
Apr-08	\$189,097	\$253,659	1.0000	\$189,097	\$253,659	440	\$429.77	\$480.30	-12.32%	\$523.83	-4.99%	\$618.97	
May-08	\$234,092	\$312,342	1.0000	\$234,092	\$312,342	440	\$532.03	\$486.38	-10.35%	\$522.48	-4.21%	\$619.22	
Jun-08	\$329,805	\$421,248	1.0000	\$329,805	\$421,248	471	\$700.22	\$557.36	24.20%	\$529.72	8.73%	\$637.27	
Jul-08	\$335,193	\$421,760	1.0000	\$335,193	\$421,760	497	\$674.43	\$638.56	27.72%	\$563.76	8.53%	\$642.10	
Aug-08	\$355,617	\$426,451	1.0000	\$355,623	\$426,457	502	\$708.41	\$694.30	-15.77%	\$596.88	-15.44%	\$610.60	-6.12%
Sep-08	\$313,446	\$404,940	0.9999	\$313,483	\$404,988	526	\$595.98	\$658.56	-24.69%	\$611.02	-11.64%	\$606.11	-7.70%
Oct-08	\$453,111	\$550,865	0.9996	\$453,308	\$551,104	542	\$836.36	\$714.91	-26.01%	\$678.81	-11.16%	\$610.05	-12.80%
Nov-08	\$377,860	\$466,848	0.9999	\$377,888	\$466,882	543	\$695.93	\$710.54	0.35%	\$702.79	-7.37%	\$622.72	-9.60%
Dec-08	\$468,433	\$571,842	0.9999	\$468,487	\$571,908	551	\$850.25	\$794.43	10.67%	\$728.88	-7.33%	\$639.62	-6.24%
Jan-09	\$340,275	\$432,077	0.9996	\$340,407	\$432,244	577	\$589.96	\$710.22	23.91%	\$712.49	-4.61%	\$645.31	-2.85%
Feb-09	\$307,448	\$397,060	0.9998	\$307,513	\$397,144	591	\$520.33	\$649.45	15.43%	\$679.00	8.05%	\$641.74	-2.41%
Mar-09	\$391,877	\$525,973	0.9997	\$392,006	\$526,147	610	\$642.63	\$584.89	17.21%	\$685.30	14.25%	\$651.34	2.52%
Apr-09	\$511,710	\$651,995	0.9983	\$512,597	\$653,125	635	\$807.24	\$660.19	37.45%	\$684.03	30.58%	\$681.63	10.12%
May-09	\$371,284	\$482,144	0.9988	\$371,721	\$482,712	650	\$571.88	\$673.52	38.48%	\$662.07	26.72%	\$680.81	9.95%
Jun-09	\$406,852	\$502,580	1.0000	\$406,852	\$502,580	661	\$615.51	\$663.50	19.04%	\$625.97	18.17%	\$673.21	5.64%
Jul-09	\$485,847	\$599,059	1.0000	\$485,847	\$599,059	673	\$721.91	\$637.31	-0.20%	\$648.31	15.00%	\$677.77	5.56%
Aug-09	\$785,450	\$900,064	1.0000	\$785,450	\$900,064	685	\$1,146.64	\$831.18	19.71%	\$754.85	26.47%	\$719.98	17.91%
Sep-09	\$416,516	\$518,312	1.0000	\$416,516	\$518,312	695	\$599.30	\$822.12	24.84%	\$744.93	21.92%	\$717.47	18.37%
Oct-09	\$789,174	\$891,584	1.0000	\$789,174	\$891,584	703	\$1,122.58	\$955.90	33.71%	\$800.48	17.92%	\$746.56	22.38%
Nov-09	\$380,969	\$476,391	1.0000	\$380,969	\$476,391	708	\$538.09	\$753.40	6.03%	\$791.47	12.62%	\$731.04	17.40%
Dec-09	\$386,518	\$506,488	1.0000	\$386,518	\$506,488	740	\$522.32	\$723.69	-8.90%	\$771.76	5.88%	\$703.28	9.95%
Jan-10	\$459,238	\$612,676	1.0000	\$459,238	\$612,676	756	\$607.46	\$556.59	-21.63%	\$750.61	5.35%	\$702.41	8.85%
Feb-10	\$594,185	\$721,554	1.0000	\$594,185	\$721,554	775	\$766.69	\$634.06	-2.37%	\$691.48	1.84%	\$721.39	12.41%
Mar-10	\$756,509	\$919,514	1.0000	\$756,509	\$919,514	784	\$964.93	\$781.83	33.67%	\$753.83	10.00%	\$749.63	15.09%
Apr-10	\$613,990	\$773,537	0.9993	\$614,417	\$774,074	787	\$780.71	\$837.64	26.88%	\$701.50	2.55%	\$748.22	9.77%
May-10	\$421,620	\$571,493	0.9993	\$421,929	\$571,912	800	\$527.41	\$756.16	12.27%	\$696.42	5.19%	\$741.14	8.86%
Jun-10	\$531,033	\$669,451	0.9989	\$531,635	\$670,210	796	\$667.88	\$657.99	-0.83%	\$719.01	14.86%	\$743.92	10.50%
Jul-10	\$493,772	\$666,760	0.9973	\$495,119	\$668,579	840	\$589.43	\$594.70	-6.69%	\$713.88	10.12%	\$731.24	7.89%
Aug-10	\$619,387	\$771,418	0.9963	\$621,711	\$774,314	848	\$733.15	\$663.63	-20.16%	\$708.82	-6.10%	\$700.60	-2.69%
Sep-10	\$678,147	\$830,397	0.9971	\$680,137	\$832,833	857	\$793.62	\$706.08	-14.12%	\$682.82	-8.34%	\$716.58	-0.12%
Oct-10	\$831,298	\$996,942	0.9897	\$839,939	\$1,007,304	873	\$962.13	\$830.79	-13.09%	\$716.09	-10.54%	\$709.15	-5.01%
Nov-10	\$685,022	\$833,381	0.9911	\$691,175	\$840,867	896	\$771.40	\$842.06	11.77%	\$755.33	-4.57%	\$727.29	-0.51%
Dec-10	\$661,328	\$828,880	0.9825	\$673,076	\$843,605	917	\$734.00	\$820.62	13.39%	\$764.89	-0.89%	\$743.18	5.67%
Jan-11	\$968,672	\$1,220,680	0.9304	\$1,041,113	\$1,311,966	969	\$1,074.42	\$864.62	55.34%	\$848.35	13.02%	\$784.95	11.75%
Feb-11	\$570,709	\$750,709	0.8535	\$668,646	\$879,535	984	\$679.52	\$830.26	30.94%	\$835.90	20.89%	\$776.29	7.61%
Mar-11	\$670,801	\$855,057	0.7984	\$840,192	\$1,070,977	985	\$852.99	\$867.92	11.01%	\$845.33	12.14%	\$769.44	2.64%
Apr-11	\$257,898	\$402,767	0.2781	\$927,230	\$1,448,085	1,008	\$919.87	\$818.30	-2.31%	\$840.67	19.84%	\$782.69	4.61%

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Administrative Expenses**

	<b>Total Operating Expense</b>	<b>Contract Months</b>	<b>Operating Expense per Contract Month</b>
<b>2006</b>	\$22,484	165	\$136.27
<b>2007</b>	\$120,452	2,840	\$42.41
<b>2008</b>	\$241,837	5,728	\$42.22
<b>2009</b>	\$286,909	7,928	\$36.19
<b>2010</b>	\$389,215	9,929	\$39.20
<b>2011 (Forecasted)</b>	\$496,969	13,286	\$37.40
<b>2012 Projection</b>	\$566,379	15,799	\$35.85

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Requested Rate Change**

	<b>Subscriber</b>	<b>Subscriber/ Child</b>	<b>Subscriber/ Children</b>	<b>Subscriber/ Spouse</b>	<b>Subscriber/ Spouse/Child</b>	<b>Subscriber/ Spouse/Children</b>
<i>Option 1 (\$1,500 Deductible)</i>	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
<i>Option 2 (\$2,600 Deductible)</i>	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%
<i>Option 3 (\$3,500 Deductible)</i>	9.9%	9.9%	9.9%	9.9%	9.9%	9.9%

**Highmark Inc.**  
**d/b/a Highmark Blue Shield**  
**Guaranteed Issue Direct Pay PPO High Deductible Health Plans**  
**Financial Experience**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Projected Rating Period 2012</b>
Subscription Fees	\$54,024	\$1,184,824	\$2,683,246	\$3,934,134	\$5,512,681	\$10,651,963
Prior Year Revenue Adjustment		(\$3,387)	\$0	\$322	\$0	
Subsequent Year Revenue Adjustment	\$3,387	\$0	(\$322)	\$0	\$0	
Subsidy Allocation	\$0	\$0	\$335,775	\$106,199	\$0	
<b>Total Revenue</b>	<b>\$57,410</b>	<b>\$1,181,438</b>	<b>\$3,018,699</b>	<b>\$4,040,655</b>	<b>\$5,512,681</b>	<b>\$10,651,963</b>
Claims Incurred	\$31,638	\$1,971,864	\$3,829,991	\$5,548,910	\$7,254,858	\$14,497,739
Prior Year Claim Adjustment		(\$69,052)	\$1,219	\$196,265	\$227,223	
Subsequent Year Claim Adjustment	\$69,052	(\$1,219)	(\$196,265)	(\$227,223)	\$0	
<b>Adjusted Incurred Claims</b>	<b>\$100,691</b>	<b>\$1,901,593</b>	<b>\$3,634,945</b>	<b>\$5,517,951</b>	<b>\$7,482,081</b>	<b>\$14,497,739</b>
Administrative Expense	\$22,482	\$120,461	\$241,846	\$288,946	\$390,278	\$566,379
<b>Total Underwriting Expense</b>	<b>\$123,172</b>	<b>\$2,022,054</b>	<b>\$3,876,790</b>	<b>\$5,806,897</b>	<b>\$7,872,360</b>	<b>\$15,064,118</b>
Underwriting Gain/(Loss)	(\$65,762)	(\$840,616)	(\$858,091)	(\$1,766,243)	(\$2,359,679)	(\$4,412,155)
Average Number of Contracts	14	237	477	661	827	1,317
Gain/(Loss) PCPM	(\$398.56)	(\$295.99)	(\$149.81)	(\$222.79)	(\$237.66)	(\$279.27)

