State: *Pennsylvania* **Filing Company:** *Geisinger Health Plan*
TOI/Sub-TOI: *HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO*
Product Name: *HMO*
Project Name/Number: *Group HMO Prescription Drug Base Rate Filing-eff Aug2014-Small Grp/0250Rx-082014*

Rate Review Detail

COMPANY:

Company Name: Geisinger Health Plan
HHS Issuer Id: 00000

PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
Geisinger Health Plan HMO plans			1

Trend Factors: The overall Trend used in these Exhibits represents an annual rate of 10.8% (the components of which are shown on Exhibit I) projected from the middle of the experience period to the middle of the rating period (i.e. 19 months).

FORMS:

New Policy Forms:
Affected Forms:
Other Affected Forms: N/A

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
Member Months: 94,069
Benefit Change: Increase
Percent Change Requested: Min: 27.6 Max: 28.2 Avg: 27.7

PRIOR RATE:

Total Earned Premium: 4,126,583.00
Total Incurred Claims: 3,670,923.00
Annual $: Min: 33.63 Max: 68.67 Avg: 55.88

REQUESTED RATE:

Projected Earned Premium: 5,269,745.00
Projected Incurred Claims: 4,597,541.00
Annual $: Min: 42.97 Max: 87.67 Avg: 71.36

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO
Product Name: HMO
Project Name/Number: Group HMO Prescription Drug Base Rate Filing-eff Aug2014-Small Grp/0250Rx-082014

Rate/Rule Schedule

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		Group HMO Rx Rate Filing-for Groups with fewer than 51 Employees-Rate Exhibits-PDF!		New		Drug Filing-eff August 2014-for HMO under 51 Employees-Rate Exhibits-for PID!.pdf,

Geisinger Health Plan Group Business-Under 51 Employees **Exhibit IV**
August 1, 2014 Rate Filing
HMO Prescription Drug

Monthly Tiered Premium Rates

CONTRACT # M150-013-F REV. 4/10 FACE SHEET-#M150-XXX-F REV. 4/11
RIDER FORM #M-151-488-F, 489-F, 490-F, 491-F, 683-F, 684-F, 685-F, 686-F,
813-F, 814-F, 815-F, 816-F.

SUBSCRIBER RATES ARE RECAPITULATED BELOW ACCORDING TO TIER-STRUCTURE.
THE RATES ARE APPLICABLE FOR SUBSCRIBERS ENROLLING OR RENEWING BETWEEN
THE PERIOD AUGUST 1, 2014 THROUGH DECEMBER 31, 2014. THE RATES SUMMARIZED HEREIN
REFLECT A 2.6% QUARTERLY INCREASE AND ARE GUARANTEED FOR A 12 MONTH PERIOD.

1.026 PMPM trend^(3/12) EXCLUDING CONTRACEPTIVES

$10/$20/$35	8/1/14 THROUGH 09/30/14	10/1/14 THROUGH 12/31/14
PRESCRIPTION DRUG PMPM (EXHIBIT III)	$78.05	$80.06
2 TIER		
SINGLE	$87.20	$89.44
FAMILY	$218.00	$223.60
3 TIER		
SINGLE	$87.20	$89.44
TWO-PARTY	$174.40	$178.88
FAMILY	$257.76	$264.38
4 TIER STANDARD		
SINGLE	$87.20	$89.44
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
FAMILY	$245.69	$252.00
4 TIER BY EMPLOYER REQUEST ONLY		
SINGLE	$87.20	$89.44
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILDREN	$138.96	$142.53
FAMILY	$254.26	$260.79
5 TIER		
SINGLE	$87.20	$89.44
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
PARENT-CHILDREN	$174.40	$178.88
FAMILY	$254.26	$260.79

Geisinger Health Plan Group Business-Under 51 Employees **Exhibit V**
August 1, 2014 Rate Filing
HMO Prescription Drug

Monthly Tiered Premium Rates

CONTRACT # M150-013-F REV. 4/10 FACE SHEET-#M150-XXX-F REV. 4/11
RIDER FORM #M-151-488-F, 489-F, 490-F, 491-F, 683-F, 684-F, 685-F, 686-F,
813-F, 814-F, 815-F, 816-F.

SUBSCRIBER RATES ARE RECAPITULATED BELOW ACCORDING TO TIER-STRUCTURE.
THE RATES ARE APPLICABLE FOR SUBSCRIBERS ENROLLING OR RENEWING BETWEEN
THE PERIOD AUGUST 1, 2014 THROUGH DECEMBER 31, 2014. THE RATES SUMMARIZED HEREIN
REFLECT A 2.6% QUARTERLY INCREASE AND ARE GUARANTEED FOR A 12 MONTH PERIOD.

EXCLUDING CONTRACEPTIVES

$15/$30/$45	8/1/14 THROUGH 09/30/14	10/1/14 THROUGH 12/31/14
PRESCRIPTION DRUG PMPM (EXHIBIT III)	$69.84	$71.63
2 TIER		
SINGLE	$78.03	$80.03
FAMILY	$195.08	$200.08
3 TIER		
SINGLE	$78.03	$80.03
TWO-PARTY	$156.06	$160.06
FAMILY	$230.66	$236.57
4 TIER STANDARD		
SINGLE	$78.03	$80.03
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
FAMILY	$245.69	$252.00
4 TIER BY EMPLOYER REQUEST ONLY		
SINGLE	$78.03	$80.03
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILDREN	$138.96	$142.53
FAMILY	$254.26	$260.79
5 TIER		
SINGLE	$78.03	$80.03
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
PARENT-CHILDREN	$174.40	$178.88
FAMILY	$254.26	$260.79

Monthly Tiered Premium Rates

CONTRACT # M150-013-F REV. 4/10 FACE SHEET-#M150-XXX-F REV. 4/11
RIDER FORM #M-151-488-F, 489-F, 490-F, 491-F, 683-F, 684-F, 685-F, 686-F,
813-F, 814-F, 815-F, 816-F.

SUBSCRIBER RATES ARE RECAPITULATED BELOW ACCORDING TO TIER-STRUCTURE.
THE RATES ARE APPLICABLE FOR SUBSCRIBERS ENROLLING OR RENEWING BETWEEN
THE PERIOD AUGUST 1, 2014 THROUGH DECEMBER 31, 2014. THE RATES SUMMARIZED HEREIN
REFLECT A 2.6% QUARTERLY INCREASE AND ARE GUARANTEED FOR A 12 MONTH PERIOD.

EXCLUDING CONTRACEPTIVES

$10/$25/$50	8/1/14 THROUGH 09/30/14	10/1/14 THROUGH 12/31/14
PRESCRIPTION DRUG PMPM (EXHIBIT III)	$74.80	$76.72
2 TIER		
SINGLE	$83.57	$85.71
FAMILY	$208.93	$214.28
3 TIER		
SINGLE	$83.57	$85.71
TWO-PARTY	$167.14	$171.42
FAMILY	$247.03	$253.36
4 TIER STANDARD		
SINGLE	$83.57	$85.71
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
FAMILY	$245.69	$252.00
4 TIER BY EMPLOYER REQUEST ONLY		
SINGLE	$83.57	$85.71
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILDREN	$138.96	$142.53
FAMILY	$254.26	$260.79
5 TIER		
SINGLE	$83.57	$85.71
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
PARENT-CHILDREN	$174.40	$178.88
FAMILY	$254.26	$260.79

Geisinger Health Plan Group Business-Under 51 Employees **Exhibit VII**
August 1, 2014 Rate Filing
HMO Prescription Drug

Monthly Tiered Premium Rates

CONTRACT # M150-013-F REV. 4/10 FACE SHEET-#M150-XXX-F REV. 4/11
RIDER FORM #M-151-488-F, 489-F, 490-F, 491-F, 683-F, 684-F, 685-F, 686-F,
813-F, 814-F, 815-F, 816-F.

SUBSCRIBER RATES ARE RECAPITULATED BELOW ACCORDING TO TIER-STRUCTURE.
THE RATES ARE APPLICABLE FOR SUBSCRIBERS ENROLLING OR RENEWING BETWEEN
THE PERIOD AUGUST 1, 2014 THROUGH DECEMBER 31, 2014. THE RATES SUMMARIZED HEREIN
REFLECT A 2.6% QUARTERLY INCREASE AND ARE GUARANTEED FOR A 12 MONTH PERIOD.

EXCLUDING CONTRACEPTIVES

$20/$35/$50	8/1/14 THROUGH 09/30/14	10/1/14 THROUGH 12/31/14
PRESCRIPTION DRUG PMPM (EXHIBIT III)	$64.67	$66.33
2 TIER		
SINGLE	$72.25	$74.10
FAMILY	$180.63	$185.25
3 TIER		
SINGLE	$72.25	$74.10
TWO-PARTY	$144.50	$148.20
FAMILY	$213.57	$219.04
4 TIER STANDARD		
SINGLE	$72.25	$74.10
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
FAMILY	$245.69	$252.00
4 TIER BY EMPLOYER REQUEST ONLY		
SINGLE	$72.25	$74.10
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILDREN	$138.96	$142.53
FAMILY	$254.26	$260.79
5 TIER		
SINGLE	$72.25	$74.10
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
PARENT-CHILDREN	$174.40	$178.88
FAMILY	$254.26	$260.79

Geisinger Health Plan Group Business-Under 51 Employees **Exhibit VIII**
August 1, 2014 Rate Filing
HMO Prescription Drug

Monthly Tiered Premium Rates

CONTRACT # M150-013-F REV. 4/10 FACE SHEET-#M150-XXX-F REV. 4/11
RIDER FORM #M-151-488-F, 489-F, 490-F, 491-F, 683-F, 684-F, 685-F, 686-F,
813-F, 814-F, 815-F, 816-F.

SUBSCRIBER RATES ARE RECAPITULATED BELOW ACCORDING TO TIER-STRUCTURE.
THE RATES ARE APPLICABLE FOR SUBSCRIBERS ENROLLING OR RENEWING BETWEEN
THE PERIOD AUGUST 1, 2014 THROUGH DECEMBER 31, 2014. THE RATES SUMMARIZED HEREIN
REFLECT A 2.6% QUARTERLY INCREASE AND ARE GUARANTEED FOR A 12 MONTH PERIOD.

EXCLUDING CONTRACEPTIVES

50%	8/1/14 THROUGH 09/30/14	10/1/14 THROUGH 12/31/14
PRESCRIPTION DRUG PMPM (EXHIBIT III)	$42.97	$44.07
2 TIER		
SINGLE	$48.01	$49.24
FAMILY	$120.03	$123.10
3 TIER		
SINGLE	$48.01	$49.24
TWO-PARTY	$96.02	$98.48
FAMILY	$141.92	$145.55
4 TIER STANDARD		
SINGLE	$48.01	$49.24
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
FAMILY	$245.69	$252.00
4 TIER BY EMPLOYER REQUEST ONLY		
SINGLE	$48.01	$49.24
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILDREN	$138.96	$142.53
FAMILY	$254.26	$260.79
5 TIER		
SINGLE	$48.01	$49.24
HUSBAND-WIFE	$209.28	$214.66
PARENT-CHILD	$122.08	$125.22
PARENT-CHILDREN	$174.40	$178.88
FAMILY	$254.26	$260.79

State: Pennsylvania **Filing Company:** Geisinger Health Plan
TOI/Sub-TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO
Product Name: HMO
Project Name/Number: Group HMO Prescription Drug Base Rate Filing-eff Aug2014-Small Grp/0250Rx-082014

Supporting Document Schedules

Satisfied - Item:	Actuarial Memorandum and Explanatory Information (A&H)
Comments:	
Attachment(s):	Drug Filing-for Groups with fewer than 51 Employees-eff Aug 2014-Cover Letter-REV 5.27.14-for Publication!.pdf
Item Status:	
Status Date:	

May 23, 2014

Mr. Peter Camacci
HMO/PPO Review Division
Bureau of Accident and Health Insurance
Office of Rate Policy and Regulation
Commonwealth of Pennsylvania
Department of Insurance
1311 Strawberry Square
Harrisburg, PA 17120

re: Geisinger Health Plan ("GHP")-NAIC # 95923
Prescription Drug Rider Filing for Groups with fewer than 51 **Employees**
Effective August 1, 2014

Dear Mr. Camacci:

Enclosed for your review and approval is a copy of GHP's Prescription Drug Rider Rate Filing and Model for Groups with fewer than 51 employees. The proposed effective date is August 1 2014. The main purposes of this filing are as follow:

1. Implement an average rate change of **27.7%** [over the third quarter (7/1/13-09/30/13) rates of the currently approved Prescription Drug Rider Rate Filing (ID#GSHP-128800924 approved on Jan. 3, 2013)]. This filing will impact approximately 6,154 members.
2. Change the quarterly trend to **2.6%.**
3. The current prescription drug model is based on Rx claims incurred July 2011 to June 2012 and paid through August 2012. The relativities of our drug plans remain the same as our last filed model [Prescription Drug Rider Rate Filing (ID#GSHP-128800924 approved on Jan. 3, 2013)].
4. Use the plan relativities developed through the current prescription drug model (as shown in the file titled "Rx Model Eff Aug 2014 Rate Filing Master for U51" for the rate development of all the existing drug plans as well as new drug plans). These plan relativities will be applied to the $0 copay base rates (see "RateCalculation" tab for more details). The model includes a user tab "CoverSheet", which allows one to input various copay and coinsurance options and generate rates. These are the base rates which we are proposing to use effective August 1, 2014.
5. File through 12/1/14 effective dates. Please note that we have included the pricing impact of the 2014/2015 ACA taxes/subsidies.

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TEL. 570.271.7842 • FAX. 570.271.5474

Please feel free to contact me at (570) 214-5051. Thank you for your attention to this matter.

Sincerely,

Christy Snyder
Supervisor, Pricing & Product Development

cc. Kurt Wrobel, FSA, MAAA, Chief Actuary for GHP
Linda Novacuskie, Director of Underwriting
Vicki Bardsley, Manager of Actuarial Services

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Attachment I: Prescription Drug Rider Base Rate Filing and Model

- Exhibits A and I through III show the rate development using specific Plan Prescription Drug experience for all Groups with fewer than 51 average employees for the experience period Jan 1, 2013 through Dec. 31, 2013.
- Exhibits IV through VIII contain the monthly premium rates for our top 5 plans based on membership.

The following items support specific calculations contained in each of the Exhibits:

1. **Exhibit I**

   - The Cost and Utilization trends used in these Exhibits represent a combined annual trend of **10.8%** (as shown on the "Small Group HMO & PPO Rate Filings – eff 6.1.14 – Trend Support-for PID!" file that is being submitted in SERFF). The total trend projects the cost and utilization from the middle of the aforementioned experience period to the middle of the rating period (i.e. 19 months).

   - The rate increase that we are proposing reflects the rising costs of the brand formulary and brand non-formulary drugs. Even with GHP's achievements during 2004 thru 2013 in promoting the use of generic drugs and in obtaining the best prices for all drugs, we continue to see increasing trends on the non generic side. Consultants have told us that our generic usage is the highest that they have seen in the marketplace, and we believe that we have now reached maximum generic utilization of approximately 84%. Therefore, we cannot expect future savings from increasing generic utilization.

2. **Exhibit II**

   - The "Benefit Plan Relativity Factors" in column 6 were calculated using our ***current*** prescription drug rating model ("Rx Model"). A copy of this ***proprietary*** model, along with several supporting worksheets showing the development of the plan relativities, has been supplied as a ***separate electronic file in SERFF***. Note that manufacturers' rebate credits have been applied in column 5. The amount shown reflects the actual rebate credits received for the experience period.

3. **Exhibit III**

   - The contract mix distribution was derived using the average number of subscribers (with both medical & Rx benefits) in each contract type for the base period of July 2011 through June 2012. These factors tie to those used in last year's pharmacy filing (submitted on January 3, 2013SERFF# GSHP-128800924) to ensure consistency in rating.

   - Both the Average Family Size and the Family Rate Multiplier factors also tie to those used in our recent Small Group Medical Rate Filing (submitted on May 22,2014).

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4. **Exhibits IV through VIII**

- These Exhibits use the Projected PMPM's developed on Exhibit II, and converted to tiered-rates using the Conversion factors on Exhibit III.
- A 2.60% quarterly trend was utilized in the development of our quarterly rates for 8/1/14-12/31/14. This quarterly trend was derived from the annual trend on Schedule "A", i.e. 1.108^(3/12) ~= 1.0260.
- The Contraceptive Rider is displayed as "$0" since the cost of this has been accounted for in our 8/1/12 "Well-Woman PPACA" filing. This load is applied (as warranted by the specific experience period used) to our filed Base Rates.

5. **Exhibit "A"**
   - As noted previously, this Filing contains rates for our current **plans** (approved in Filing ID#GSHP-128800924). The development of each of the plans is contained on Exhibit "A". As with our previous Filing, our Pharmacy Department has assigned each prescription drug to a tier as follows:
     - Tier 1 consists of Generic Drugs.
     - Tier 2 consists of Preferred Brand Drugs.
     - Tier 3 consists of Non-preferred Brand Drugs (available only upon prior authorization in all current pharmacy riders).

   - Exhibit "A" calculates the PMPM costs for each of the current utilized plan options. The "Benefit Plan Relativity Factors" were calculated using our ***current*** prescription drug rating model. Each of these options was available with no deductible, a $50 Single/$150 Family annual deductible, and a $100 Single/$300 Family annual deductible. The factors used to calculate the plans subject to a deductible were developed using last year's claims probability table. For the $50 deductible plans, the ratio is 0.9552 and for the $100 deductible plans, the ratio is 0.9204. The projected PMPM's have been adjusted by these ratios on Exhibit "A".

- Please note that all claims for Diabetic prescription drugs have been removed from the experience used in this Rate Filing. As mentioned in our currently approved Prescription Drug Rider Rate filing, we began to move these services to our basic medical rider (upon renewal following April 1, 2004) and thus they have been excluded from our Prescription Drug Rate Filings.

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