

MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT

<b>Experience</b>	<b>Base Experience</b>	<b>Manual Rate</b>
Premiums (net of MLR Rebate) in Experience Period	\$780,877	\$33,521,222
Incurred Claims in Experience Period	\$608,227	\$27,557,680
Allowed Claims	\$846,639	\$38,046,140
Experience Period Member Months	2,523	103,888

<b>Experience Period to Projection Period</b>	<b>Blended</b>	<b>Base Experience</b>	<b>Manual Rate</b>
Credibility		10.30%	89.70%
<b>Index Rate of Experience Period</b>	\$362.41	\$335.57	\$365.49
<b>Population Risk Adjustment*</b>	<b>1.061</b>	<b>1.025</b>	<b>1.065</b>
<b>Other Adjustments</b>			
Mandate/Benchmark Change	1.000	1.000	1.000
Area Shift*	0.949	0.954	0.949 x
Network Adjustment	0.936	1.000	0.929 x
Change in Demographics*	1.126	1.145	1.124 x
Benefit Mix Change	0.970	0.938	0.973 x
<b>Total Other Adjustments</b>	0.970	1.024	0.965 =
<b>Allowed Trend</b>			
Annual Unit Cost & Severity Trend	1.054	1.054	1.054
Annual Utilization Trend	1.017	1.017	1.017
Annual Total Allowed Trend	1.073	1.073	1.073 x
Months of Trend	24.00	24.00	24.00 ^/12
<b>Total Allowed Trend for 24 months</b>	1.150	1.150	1.150
<b>Projected Allowed PMPM (URRT Index Rate)</b>	<b>\$429.24</b>	<b>\$405.22</b>	<b>\$432.00</b>

<b>Projection Period</b>	<b>\$</b>	<b>%</b>
<b>Credibility-Weighted Allowed PMPM (URRT Index Rate)</b>	<b>\$429.24</b>	
Paid to Allowed Ratio	0.767	x
<b>Projected Incurred Claims, before Risk Adjustment</b>	<b>\$329.23</b>	
Federal Risk Adjustment projection	\$19.13	+ (+ payer; - receiver)
<b>Projected Incurred Claims after Risk Adjustment</b>	<b>\$348.36</b>	
<b>Expense Components</b>		
G&A (Operating Expenses)	\$40.74	9.57%
Commissions	\$4.60	1.08% +
Profit & Risk (AFIT)	\$8.30	1.95% +
State Premium Tax, Assessments, and Fees	\$5.92	1.39% +
User Exchange Fee	\$13.11	3.08% +
HIT	\$0.00	0.00% +
PCORI	\$0.17	0.04% +
Federal Income Tax	\$4.47	1.05% +
<b>Total Expenses</b>	<b>\$77.30</b>	<b>18.16%</b>
<b>Single Risk Pool Total Average Premium PMPM</b>	<b>\$425.66</b>	
Tobacco Calibration Factor	1.013 /	
<b>Plan Adjusted Index Rate</b>	<b>\$420.35</b>	
Age Calibration Factor	1.671	
Area Calibration Factor	0.864 /	
<b>Consumer Adjusted Premium Rate</b>	<b>\$291.19</b>	

\*Additional supporting documentation provided.

**MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT**  
**Population Risk Adjustment - Small Group to Individual**

**2015 Aetna Small Group to 2015 Aetna Individual -**

Group Size Ranges	Total MemMos	Adjusted Allowed Charges	Adj. Allowed Charges PMPM
1 & 2	14,568	5,709,364	391.91
3 +	163,674	61,518,442	375.86
Total Small Grps	178,242	67,227,806	377.17
<b>Population Risk Impact</b>			<b>1.039</b>

*1 & 2 / Total*

*\*Allowed Charges have been normalized for large claims.*

**2015 Aetna Individual to 2017 Aetna Individual**

<b>Population Risk Impact</b>	<b>1.025</b>
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Includes consideration of:

- 1/1/17 ACA enrollment of Grandfathered & Transitional members
- Final 2015 CMS Market-level Reinsurance and Risk Adjustment results
- Final 2015 CMS Maine Risk Adjustment results, Individual vs Small Group
- Final 2015 CMS Transitional Reinsurance results by Maine carrier

<b>Total Impact:</b>	
<b>2015 Aetna SG to 2017 Aetna Individual</b>	<b>1.065</b>
<b>2015 Aetna IVL to 2017 Aetna IVL</b>	<b>1.025</b>

**MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT  
AREA SHIFT CALCULATION**

Counties	Rating Areas	2015 IVL Membership Distribution	IVL Exp. Period Area Factors	2015 SG Membership Distribution	SG Exp. Period Area Factors	Projected 2016 IVL Membership Distribution	Projection Period Area Factor
Cumberland	1	43.8%	0.882	42.8%	0.862	43.6%	0.845
Sagadahoc	1	4.8%	0.882	3.6%	0.862	4.0%	0.845
York	1	26.0%	0.882	16.9%	0.862	25.5%	0.845
Knox	2	7.1%	0.948	8.6%	0.905	8.1%	0.908
Lincoln	2	3.3%	0.948	4.2%	0.905	3.8%	0.908
Oxford	2	4.1%	0.948	5.2%	0.905	4.2%	0.908
Androscoggin	3	7.8%	1.014	12.6%	1.078	7.0%	0.926
Franklin	3	1.6%	1.014	2.4%	1.078	1.2%	0.926
Waldo	3	1.4%	1.014	3.7%	1.078	2.7%	0.926

**Weighted Average Area Factors\*:**

0.906	0.910	0.864
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**Experience Period to Projection Period:**

<b>Individual Impact due to Member Redistribution &amp; Area Factor Change:</b>	0.864 / 0.906 = 0.954
<b>SG to Indiv. Impact due to Member Redistribution &amp; Area Factor Change:</b>	0.864 / 0.910 = 0.949

*\*The Projection Period Average Area Factor is used in the Area Calibration adjustment to develop the Consumer Adjusted Premium Rate.*

**MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT  
DEMOGRAPHIC ADJUSTMENT**

Age	Demographic Factors		Indiv. Exp. Period Distribution		SG Exp. Period Distribution		Projected 2017 IVL Distribution	
	Male	Female	Male	Female	Male	Female	Male	Female
0	1.117	1.114	0.00%	0.20%	0.38%	0.37%	0.29%	0.33%
1	1.117	1.114	0.40%	0.20%	0.40%	0.32%	0.29%	0.33%
2	0.511	0.511	1.11%	1.03%	0.38%	0.35%	0.29%	0.33%
3	0.511	0.511	0.12%	0.12%	0.38%	0.42%	0.29%	0.33%
4	0.511	0.511	0.32%	0.24%	0.46%	0.39%	0.29%	0.33%
5	0.379	0.379	0.32%	0.63%	0.37%	0.42%	0.29%	0.33%
6	0.379	0.379	0.36%	0.16%	0.44%	0.52%	0.29%	0.33%
7	0.379	0.379	0.00%	1.11%	0.55%	0.49%	0.29%	0.33%
8	0.379	0.379	0.36%	1.03%	0.52%	0.50%	0.29%	0.33%
9	0.379	0.379	0.91%	0.67%	0.60%	0.47%	0.29%	0.33%
10	0.412	0.380	1.51%	0.63%	0.53%	0.47%	0.29%	0.33%
11	0.412	0.380	0.59%	0.91%	0.60%	0.53%	0.29%	0.33%
12	0.412	0.380	0.48%	0.79%	0.56%	0.49%	0.29%	0.33%
13	0.412	0.380	0.48%	0.91%	0.51%	0.54%	0.29%	0.33%
14	0.412	0.380	0.52%	0.44%	0.51%	0.49%	0.29%	0.33%
15	0.532	0.591	0.75%	0.95%	0.62%	0.50%	0.29%	0.33%
16	0.532	0.591	0.87%	0.91%	0.62%	0.49%	0.29%	0.33%
17	0.532	0.591	0.63%	0.75%	0.61%	0.50%	0.29%	0.33%
18	0.532	0.591	0.08%	1.19%	0.53%	0.53%	0.64%	0.71%
19	0.532	0.591	0.16%	0.83%	0.56%	0.56%	0.64%	0.71%
20	0.479	0.787	1.03%	0.55%	0.55%	0.59%	0.64%	0.71%
21	0.479	0.787	0.28%	0.99%	0.62%	0.44%	0.64%	0.71%
22	0.479	0.787	0.52%	0.91%	0.66%	0.56%	0.64%	0.71%
23	0.479	0.787	0.32%	0.44%	0.71%	0.59%	0.64%	0.71%
24	0.479	0.787	0.20%	0.24%	0.64%	0.67%	0.64%	0.71%
25	0.489	1.176	0.04%	0.24%	0.80%	0.63%	0.64%	0.71%
26	0.489	1.176	1.19%	1.51%	0.71%	0.66%	0.64%	0.71%
27	0.489	1.176	0.71%	1.23%	0.83%	0.66%	0.64%	0.71%
28	0.489	1.176	0.67%	0.75%	0.73%	0.74%	0.64%	0.71%
29	0.489	1.176	0.55%	1.39%	0.80%	0.73%	0.64%	0.71%
30	0.552	1.393	0.20%	0.83%	0.88%	0.69%	0.64%	0.71%
31	0.552	1.393	0.63%	1.07%	0.81%	0.72%	0.64%	0.71%
32	0.552	1.393	0.48%	0.79%	0.81%	0.75%	0.64%	0.71%
33	0.552	1.393	0.20%	0.48%	0.95%	0.76%	0.64%	0.71%
34	0.552	1.393	0.24%	0.75%	0.82%	0.91%	0.64%	0.71%
35	0.670	1.303	0.40%	0.48%	0.82%	0.64%	0.65%	0.74%
36	0.670	1.303	1.03%	0.08%	0.95%	0.83%	0.65%	0.74%
37	0.670	1.303	0.59%	0.52%	0.90%	0.86%	0.65%	0.74%
38	0.670	1.303	0.40%	0.83%	0.90%	0.74%	0.65%	0.74%
39	0.670	1.303	1.70%	0.99%	0.85%	0.69%	0.65%	0.74%
40	0.839	1.224	0.91%	0.99%	0.88%	0.73%	0.65%	0.74%
41	0.839	1.224	0.36%	0.55%	0.82%	0.86%	0.65%	0.74%
42	0.839	1.224	0.95%	0.79%	0.88%	0.76%	0.65%	0.74%
43	0.839	1.224	0.91%	0.87%	0.82%	0.92%	0.65%	0.74%
44	0.839	1.224	0.87%	1.27%	1.04%	0.96%	0.65%	0.74%
45	1.063	1.314	0.24%	0.55%	0.90%	0.85%	0.99%	1.11%
46	1.063	1.314	1.11%	0.67%	0.95%	0.82%	0.99%	1.11%
47	1.063	1.314	1.07%	0.91%	0.98%	0.86%	0.99%	1.11%
48	1.063	1.314	0.75%	1.43%	0.96%	0.92%	0.99%	1.11%
49	1.063	1.314	1.19%	1.03%	0.98%	1.00%	0.99%	1.11%
50	1.456	1.565	1.03%	0.59%	1.12%	1.10%	0.99%	1.11%
51	1.456	1.565	2.02%	1.86%	1.13%	1.13%	0.99%	1.11%
52	1.456	1.565	0.67%	1.59%	1.27%	1.04%	0.99%	1.11%
53	1.456	1.565	1.11%	1.39%	1.26%	1.09%	0.99%	1.11%
54	1.456	1.565	1.39%	1.27%	1.24%	1.07%	0.99%	1.11%
55	1.868	1.810	0.55%	1.55%	1.17%	1.13%	1.45%	1.64%
56	1.868	1.810	0.87%	1.59%	1.22%	1.19%	1.45%	1.64%
57	1.868	1.810	1.03%	1.27%	1.29%	1.17%	1.45%	1.64%
58	1.868	1.810	1.31%	1.23%	1.24%	1.13%	1.45%	1.64%
59	1.868	1.810	0.75%	0.95%	1.23%	1.12%	1.45%	1.64%
60	2.358	2.227	0.36%	0.44%	1.17%	1.01%	1.45%	1.64%
61	2.358	2.227	0.99%	0.71%	0.97%	0.85%	1.45%	1.64%
62	2.358	2.227	0.20%	1.19%	0.89%	0.88%	1.45%	1.64%
63	2.358	2.227	0.32%	1.47%	0.74%	0.80%	1.45%	1.64%
64	2.358	2.227	0.91%	1.78%	0.70%	0.60%	1.45%	1.63%
65+	2.358	2.227	0.08%	0.00%	0.64%	0.39%	0.00%	0.00%

<b>IVL Exp. Period Demographic Factor</b>	1.1412
<b>SG Exp. Period Demographic Factor</b>	1.1626

*Note: Computed as the weighted average of gender specific demographic factors by current population distribution.*

<b>Projected IVL Demographic Factor</b>	1.3068
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*Note: Computed as the weighted average of gender specific demographic factors by projected population distribution.*

<b>Indiv. To Indiv. Demographic Change</b>	1.145
<b>SG to Individual Demographic Change</b>	1.124

*Note: Computed as the ratio of the Projected Demographic factor over the Experience Period Demographic Factor. This adjustment recognizes changes to the covered population over time.*

**MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT  
Product Portfolio & Projected Membership Distribution**

<b>HIOS Plan-ID</b>	<b>Plan</b>	<b>Metallic Tier</b>	<b>Exchange Offering</b>	<b>Paid to Allowed Ratio</b>	<b>Projected Membership Distribution</b>
73250ME0070003	Aetna Leap Gold Whole Health Maine	Gold	Yes	83.7%	4.6%
73250ME0070006	Aetna Leap Everyday Plus Whole Health Maine	Silver	Yes	80.1%	17.3%
73250ME0070005	Aetna Leap Everyday Whole Health Maine	Silver	Yes	77.0%	52.0%
73250ME0070001	Aetna Leap Basic Whole Health Maine	Bronze	Yes	72.4%	23.0%
73250ME0070002	Aetna Leap Catastrophic Whole Health Maine	Catastrophic	Yes	72.0%	1.0%
73250ME0040006	ME Aetna Whole Health Gold \$5 Copay PD	Gold	No	83.4%	0.4%
73250ME0040007	ME Aetna Whole Health Silver \$10 Copay PD	Silver	No	72.0%	1.6%

Weighted Average Paid to Allowed Ratio: 76.7%

**MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT  
Tobacco Calibration Factor**

Age Bracket	Projected Membership Distribution	Premium Load	Projected Tobacco Usage
< 20	15%	0%	7.4%
20 - 24	5%	20%	7.4%
25 - 29	7%	20%	7.4%
30 - 34	7%	20%	7.4%
35 - 39	7%	20%	7.4%
40 - 44	7%	20%	7.4%
45 - 49	11%	20%	7.4%
50 - 54	11%	20%	7.4%
55 - 59	15%	20%	7.4%
60 - 64	15%	20%	7.4%
65	0%	20%	7.4%

<b>Average Tobacco Factor</b>	1.013
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**Note:**

*The Average Tobacco Factor is computed as the weighted average of the product of the Premium Load and Projected Tobacco Usage by the projected member distribution of age bracket.*

**MAINE INDIVIDUAL - 2017 INDEX RATE DEVELOPMENT**  
**Projected Age/Gender Distribution**

Age	Male	Female	HHS Age Factor
0-20	7.07%	8.02%	0.635
21	0.64%	0.71%	1.000
22	0.64%	0.71%	1.000
23	0.64%	0.71%	1.000
24	0.64%	0.71%	1.000
25	0.64%	0.71%	1.004
26	0.64%	0.71%	1.024
27	0.64%	0.71%	1.048
28	0.64%	0.71%	1.087
29	0.64%	0.71%	1.119
30	0.64%	0.71%	1.135
31	0.64%	0.71%	1.159
32	0.64%	0.71%	1.183
33	0.64%	0.71%	1.198
34	0.64%	0.71%	1.214
35	0.65%	0.74%	1.222
36	0.65%	0.74%	1.230
37	0.65%	0.74%	1.238
38	0.65%	0.74%	1.246
39	0.65%	0.74%	1.262
40	0.65%	0.74%	1.278
41	0.65%	0.74%	1.302
42	0.65%	0.74%	1.325
43	0.65%	0.74%	1.357
44	0.65%	0.74%	1.397
45	0.99%	1.11%	1.444
46	0.99%	1.11%	1.500
47	0.99%	1.11%	1.563
48	0.99%	1.11%	1.635
49	0.99%	1.11%	1.706
50	0.99%	1.11%	1.786
51	0.99%	1.11%	1.865
52	0.99%	1.11%	1.952
53	0.99%	1.11%	2.040
54	0.99%	1.11%	2.135
55	1.45%	1.64%	2.230
56	1.45%	1.64%	2.333
57	1.45%	1.64%	2.437
58	1.45%	1.64%	2.548
59	1.45%	1.64%	2.603
60	1.45%	1.64%	2.714
61	1.45%	1.64%	2.810
62	1.45%	1.64%	2.873
63	1.45%	1.64%	2.952
64	1.45%	1.63%	3.000
65+	0.00%	0.00%	3.000

<b>Age Calibration Factor</b>	1.671
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**Note:**

*Age Calibration Factor computed as the weighted average of HHS Age Factor by projected membership distribution.*

<b>Weighted Average Age</b>	49
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**Note:**

*This is the age that most closely corresponds to the age calibration factor.*