

**Unique Plan Design - Issuer AV
Supporting Documentation and Justification**

State: ME
HIOS Issuer ID: 73250
HIOS Product Ids: 73250ME004
HIOS Plan Ids: 73250ME0040006
73250ME0040007
73250ME0040001

1) Justification for use of Issuer AV:

Per 156.135, the AV must be certified by member of the American Academy of Actuaries using generally accepted actuarial principles and methodologies. There are 3 types of certification:

- (1) Option 1 - Certify that the plan was entered correctly and not vary materially from standard options entered
- (2) Option 2 - Certify that modified entries into calculator to reflect plan appropriately [156.135.(b).(2)]
- (3) Option 3 - Used calculator for provisions that fit and make adjustment for plan design features that deviate outside of calculator [156.135.(b).(3)]

Aetna benefit plans were analyzed vs the AVC to determined when Option 2 vs Option 1 certification was necessary. Four underlying calculators were built to support population of the OP facility, Specialist OV, ER, and Rx generic rows in the AVC. These all support Option 2 certifications. In addition, all Aetna plans were run with coinsurance entered on each row where applicable. This was done even if the unique coinsurance on the row was the same as the average coinsurance in row 11. This methodology prevents the OP facility/physician splitting methodology from being invoked which we do not believe is appropriate for our benefit plans. The output from this consistently applied process reflects our certified Actuarial Values.

2) Regulatory permitted alternate method used:

- (3) Option 3 - Used calculator for provisions that fit and make adjustment for plan design features that deviate outside of calculator [156.135.(b).(3)]

3) Confirmation that only in-network cost sharing including multitier networks, was considered:

Confirmed. Only in-network cost sharing information was used.

4) Description of standardized plan population data used:

Detail of data used for each of the subcalculators is described below in items 5 & 6. All data was based on either the AVC continuance tables, or a national data set which is representative of the SG/IVL population

5) If the method described in 156.135.(b).(2) was used, description of how the benefits were modified to fit the parameters of the AV calculator:

OP Facility Benefit Plan Fit Process

OP facility has two subcategories of OP surg - hospital and OP surg- freestanding. The equivalent coinsurance for each was set as the plan copay divided by the unit cost. The adjusted equivalent coinsurance was then calculated for each copay/deduct combination. It was adjusted to account for the portion of cost less than the deduct that was at 0% coinsurance in the model as compared to the portion subject to coinsurance. It was validated that these adjusted equivalence factors did not vary materially based on the underlying continuance table used. The average coinsurance of the row was calculated based on the weightings of the internal subcategories.

Specialist Benefit Plan Fit Process

Using internal cost data, we developed a distribution of Specialist visits. That data was then converted to a consistent unit counting basis as the AVC based on the relativity of a PCP visit distribution. Specialist copay visit costs were then converted to equivalent coinsurance using the AVC continuance table average unit costs. The average coinsurance was determined as the weighted average of the copay equiv coins < visit limit band, 0% from visit limit to deduct level, and specialist equiv coins > deduct band. For ded/copay plans, copays were converted to eff coins and then reconverted back to copays for consistency with rest of plan.

ER Benefit Plan Fit Process

Using internal cost data, we developed a distribution of ER visits. ER copay visit costs were then converted to equivalent coinsurance using the AVC continuance table average unit costs. If copay and coins, the copay equiv coins was multiplied by the actual coinsurance as the aggregate equiv coins for the row. The average coinsurance was determined as the weighted average of the copay equiv coins < visit limit band, 0% from visit limit to deduct level, and ER equiv coins > deduct band. For ded/copay plans, copays were converted to eff coins and then reconverted back to copays for consistency with rest of plan.

Rx Generic Tier1a Fit Process

Using internal cost data, the distribution of Rx generic costs between Tier1a and Tier1 was determined. A weighted average adjusted copay/coins was then calculated based on this distribution and the cost share adjusted for the relative drug cost level between the tiers.

Tiered Rx Plan - Benefit Plan Fit Process

Tiered Rx plans were fit to the single tier within the AVC. The cost share for each row is an average of the preferred and nonpreferred cost share based on anticipated network use. For the generic row, the cost share was calculated using the Rx Generic Tier1a calculator as described above but based on a distribution of costs in preferred/nonpreferred as well as tier1a and tier1.

6) If the method described in 156.135.(b).(3) was used, description of the data and method used to develop the adjustments:

TIF (True individual family) Deductible

For plans with a TIF deductible, the average change in paid to allowed due to this feature was determined based on internal cost data and a SG/IVL appropriate distribution of single vs family members. That process produces an additive adjustment to the AV obtained via the methodology described above in support of 156.135.(b).(2) certifications.

Certification Language:

The development of the actuarial value is based on one of the acceptable alternative methods outlines in 156.135.(b).(2) or 156.135.(b).(3) for those benefits that deviate from the parameters of the AV calculator and have a material impact on the AV.

The analysis was

- (i) conducted by a member of the American Academy of Actuaries
- (ii) performed in accordance with generally accepted actuarial principles and methodologies

Actuary Signature: 
Actuary Printed name: Geoffrey Shannon, ASA MAAA
Date: 09/07/2016