

**Blue Cross and Blue Shield of Alabama
HIOS Issuer ID: 46944**

Part III Actuarial Memorandum and Certification

Individual Market Effective January 1, 2025 - Revised Filing

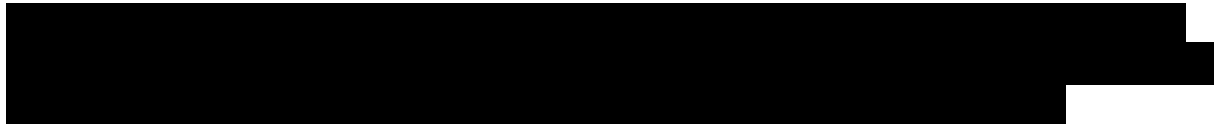
August 13, 2024

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Blue Cross and Blue Shield of Alabama
Part III Actuarial Memorandum and Certification
Individual Market
Effective January 1, 2025

Section 1: General Information



This revised actuarial memorandum and corresponding actuarial certifications are submitted in support of the United States Department of Health and Human Services' ("HHS") "Part III: Actuarial Memorandum and Certification Instructions" described in the most recent publication which is the document titled "2023 Unified Rate Review Instructions, Rate Filing Justification: Parts I, II, and III." This document provides information related to "Part I: Unified Rate Review Template" ("URRT") for Blue Cross and Blue Shield of Alabama's ("BCBSAL") non-grandfathered, Individual Market health plans for rates effective January 1, 2025.

This memorandum contains data, analyses, and explanations supporting the assumptions and methodology used in the premium rate development for products in the Individual Market. This includes specific support of the inputs and underlying assumptions used to populate the URRT. The contents of the memorandum are intended to demonstrate the reasonableness of the resulting Individual Market premium rates, as well as document that those rates have been developed in compliance with the market rating rules as established under the Affordable Care Act ("ACA") and in accordance with sound actuarial principles.

This memorandum generally follows the format outlined in the aforementioned HHS instructions.

General Information

Exhibits 1.1 and 1.2 provide identifying information and primary contact information.

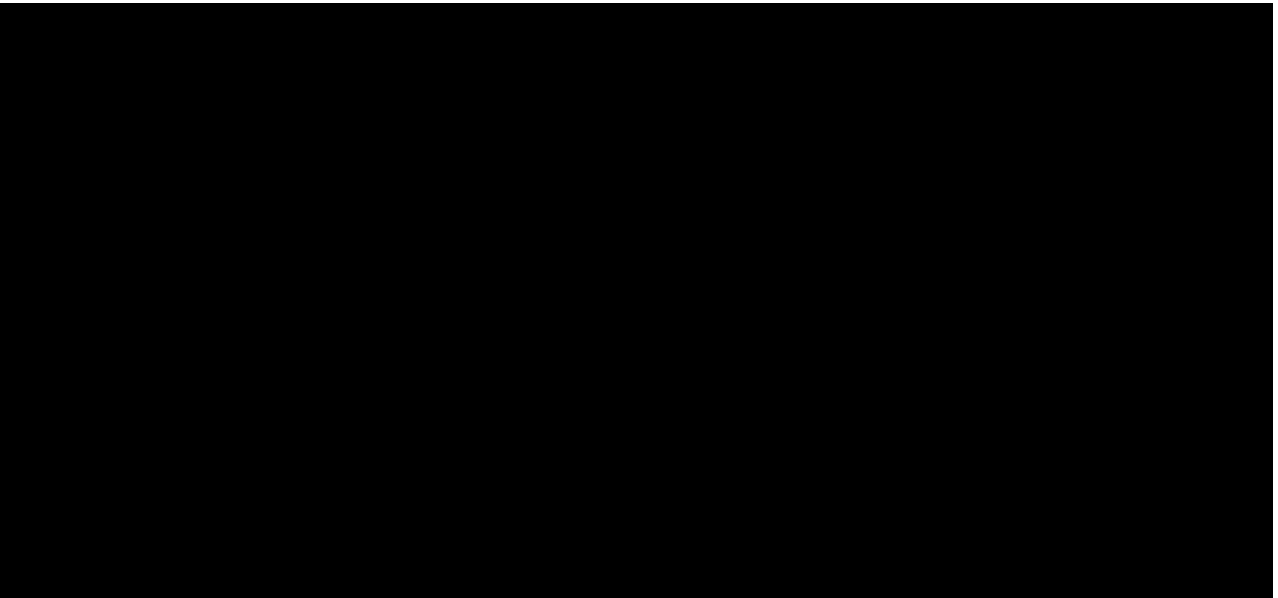
Exhibit 1.1: Company Identifying Information	
Company Legal Name:	Blue Cross and Blue Shield of Alabama
State with Regulatory Authority:	Alabama
HIOS Issuer ID:	46944
Market:	Non-Grandfathered Individual
Effective Date:	January 1, 2025

Exhibit 1.2: Primary Company Contact Information



Health Benefit Plans

Exhibit 1.3 provides information about the plans to which this Actuarial Memorandum applies. For the remainder of this Memorandum, only Plan Names are referenced.



The Zero and Limited plan variations associated with the Blue HSA Bronze base plan have the same Product ID and the same first 14 characters of the Plan ID as the base plan, but as of this 2025 filing are named Blue Bronze as the Zero and Limited plan variations are not truly HSA eligible plans.

Section 2: Proposed Rate Change(s)

BCBSAL will continue to offer in 2025 all plans offered in 2024.

[REDACTED]

[REDACTED]

The main considerations for the proposed rate changes are:

- Projected medical inflation and utilization as indicated in Section 5: Trend Factors,
- Anticipated changes in the average morbidity of the covered population as indicated in Section 6: Morbidity Adjustment,
- Projected risk adjustment transfers, and
- [REDACTED]

Other factors affecting the proposed rates are:

- Changes in member cost sharing (varies by plan),
- [REDACTED]
- [REDACTED]
- [REDACTED]
- The projection of the required Cost Sharing Reduction (CSR) Adjustment factor.

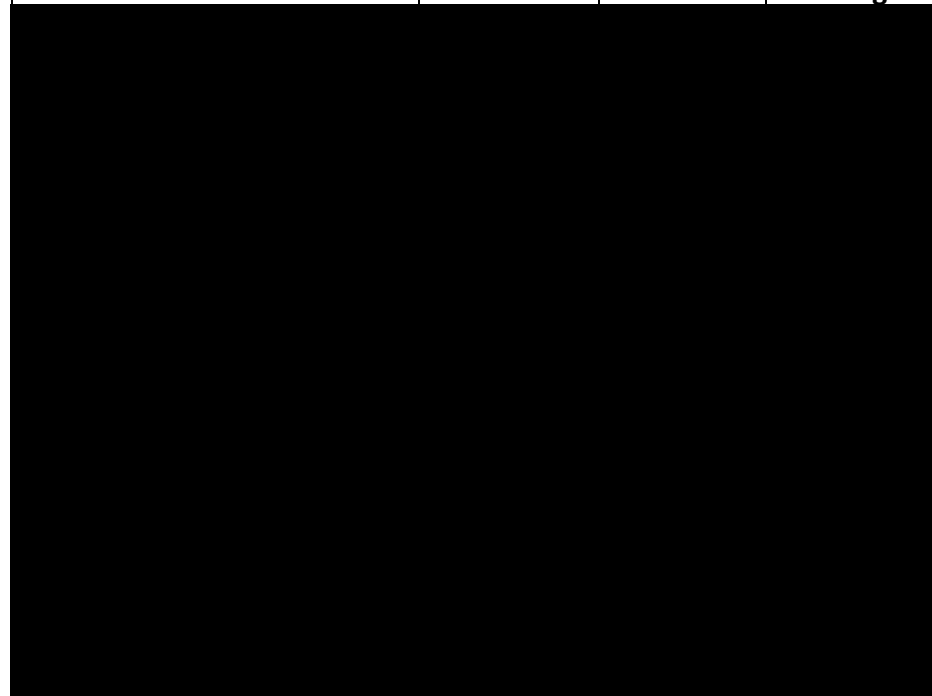
Exhibit 2.1 provides the components of the average rate change. While the 2025 premium rates were not developed using the method shown in Exhibit 2.1, it is provided for illustrative purposes, and as a reasonableness check of the overall average rate change. Please note that the components of the total required rate change as shown in Exhibit 2.1 are multiplicative rather than additive and unrounded values were used in the calculation.

Exhibit 2.1: Components of Rate Change	
Components of Rate Change	Required Premium Change from 2024 to 2025

Plan Level Rate Changes

The requested rate change is not the same across all products and plans. The plan level rate changes shown in Exhibit 2.2 reflect the impact of cost sharing changes for each plan and the change in the CSR adjustment factors. Such rate variation by plan reflects neither potential nor existing differences in morbidity.

The cost sharing changes made to these plans are intended to maintain Actuarial Values (“AVs”) within the appropriate *de minimis* ranges and to keep up with changes in the cost and utilization of medical care.

Exhibit 2.2: Plan Level Rate Changes for 2025			
Plan	Original Effective Date	April 2024 Members	2025 Rate Change
			

The rate changes by plan are based on the average 21 year-old, non-tobacco premium rates in 2024 and 2025. The average rate change across all plans is calculated by taking the weighted average of 2024 and 2025 rates by plan for a 21 year-old, using the April 2024 members by plan and geographic area as weights.

Exhibit 2.3 below shows the average 21 year-old non-tobacco rates and rate changes by plan.

Exhibit 2.3: Plan Level Rate Changes for 2025			
Plan	2024 Rate	2025 Rate	2025 Rate Change

Section 3: Experience and Current Period Premium, Claims, and Enrollment

Experience for the Single Risk Pool during the experience period reported in Worksheet 1, Section I, of URRT, includes all non-grandfathered health plans in the Individual Market.

Experience Period

12 months of calendar year 2023 based on the claim incurred date

Experience Period Paid Through Date

May 31, 2024

Current Date

Current enrollment and premium found in Section 2 of Worksheet 2 is reported as of April 30, 2024.

Premiums (net of MLR Rebate) in Experience Period

The reported premium in Section I of Worksheet 1 of [REDACTED]

1. Reflects premiums earned during the experience period by BCBSAL,
2. Does not reflect any reductions prescribed by HHS when calculating BCBSAL's MLR, such as taxes and assessments,
3. Does not reflect risk adjustment payables or receivables, and
4. Does not reflect MLR rebates.

Allowed and Incurred Claims Incurred During the Experience Period

When estimating Incurred but not Paid ("IBNP") for URRT, BCBSAL varied the methodology across three claim classifications. Each methodology, where appropriate, used historical claim data from BCBSAL's Individual non-grandfathered block of business.

(1) Initial Claims (overwhelming majority of URRT incurred claims)

IBNP was estimated by applying completion factors to experience period claims where completion factors were based on the Development (or Lag) Method referenced in paragraphs 2.5 and 3.4.1 of Actuarial Standard of Practice No. 5, "Incurred Health and Disability Claims."

A separate set of completion factors was developed for each incurred month during the experience period for each of the following benefit categories.

- (a) Inpatient Hospital,
- (b) Outpatient Hospital,
- (c) Professional,
- (d) Other Medical, and
- (e) Prescription Drugs.

Allowed claims were developed by combining incurred claims with member cost sharing.

Allowed claims and incurred claims used the same set of completion factors.

(2) Drug and Medical Rebates (magnitude approximately [REDACTED] of URRT incurred claims)

IBNP was estimated by subtracting actual rebates paid from ultimate rebates. Ultimate rebates were derived by applying completion factors to actual rebates.

(3) Capitation Payments (magnitude less than [REDACTED] of URRT incurred claims)

IBNP is \$0.

For Rebates and Capitation Payments, allowed claims equal incurred claims.

Regardless of classification, all claims are combined within the six benefit categories listed in Section 2, of Worksheet 1, of the URRT.

The resulting IBNP estimates are neither unusually high nor unusually low relative to historical levels as completion factors were developed as a function of historical completion rates applied to the experience period claims.

As expected, the IBNP estimate is stable given the experience period is calendar year 2023 with claims paid through May 31, 2024, the large size of the block of business, and the historical consistency of the claims processing system.

Exhibit 3.1 shows incurred claims during the experience period by Benefit Category. The total of [REDACTED] equals that of "Incurred Claims in Experience Period," from Section I, of Worksheet 1, of URRT.

Exhibit 3.2 shows allowed claims during the experience period by Benefit Category. The total of [REDACTED] equals that of "Allowed Claims," from Section I, of Worksheet 1, of URRT.

Exhibit 3.3 shows the column heading definitions.

While incurred claims and allowed claims used the same completion factors, the year 2023 completion factor for a benefit category may differ between Exhibit 3.1 and Exhibit 3.2 because:

- (1) For the classification of "Initial Claims," completion factors were derived and applied separately for each incurred month within 2023. To the extent that incurred claims and allowed claims are distributed differently across months, the overall completion factor will differ between incurred claims and allowed claims, and

- (2) For all other classifications incurred claims and allowed claims are equal. By mixing these claims with claims associated with “Initial Claims” within a benefit category, the overall completion factor will differ for incurred claims and allowed claims.

The benefit category of Prescription Drug has a sizable amount of “Out System” claims. These “Out System” claims are comprised of drug rebates and drug claims adjudicated by the Pharmacy Benefit Manager (PBM).

Exhibit 3.1: Incurred Claims					
Benefit Category	In System	Out System	IBNP	Total	Completion Factor
Inpatient Hospital					
Outpatient Hospital					
Professional					
Other Medical					
Capitation					
Prescription Drug					
Total					

Exhibit 3.2: Allowed Claims					
Benefit Category	In System	Out System	IBNP	Total	Completion Factor
Inpatient Hospital					
Outpatient Hospital					
Professional					
Other Medical					
Capitation					
Prescription Drug					
Total					

Exhibit 3.3: Column Heading Definitions	
Heading	Definition
In System	Claims processed through BCBSAL’s claim system
Out System	Claims processed outside of BCBSAL’s claim system
IBNP	2023 Claims incurred but not paid as of 05/31/2024 which is the sum of “Reported but Unpaid” and “Incurred but not Reported.” IBNP is the total of IBNP from “In System” and “Out System.”
Total	= In System + Out System + IBNP; ultimate claims
Completion Factor	= (In System + Out System) / Total; paid claims as a % of ultimate claims

The Appendix provides the 2023 Supplemental Health Care Exhibits of BCBSAL’s 2023 Annual filing. The data in the Appendix do not equal the experience period data (year 2023) used in the URRT in the development of 2025 rates due to differences in requirements, instructions, and timing. For example, the URRT excludes Grandfathered coverages which are included in the Supplemental Health Care Exhibits.

Section 4: Benefit Categories

Claims in the experience period were assigned to one of the following categories based on indicators (e.g. location of service, type service, claim form UB04/CMS 1500, etc.) associated with the claim data. These assignments mostly follow the definitions given below.

Inpatient Hospital (Utilization Unit: Days)

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, and other services provided in a facility setting on an inpatient basis and billed by the facility.

Outpatient Hospital (Utilization Unit: Services)

Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in a facility setting on an outpatient basis and billed by the facility.

Professional (Utilization Unit: Services)

Includes non-capitated primary care, specialist, laboratory, radiology, and other professional services that are billed directly by the provider.

Other Medical (Utilization Unit: Services)

Includes non-capitated ambulance, home health care, therapy, DME, chiropractic, prosthetics, supplies, and other services as well as all out-of-network services.

Capitation (Utilization Unit: Benefit Period)

Includes all services provided under capitated arrangements.

Prescription Drug (Utilization Unit: Prescriptions)

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from Pharmacy Benefit Manager.

Section 5: Trend Factors

BCBSAL cost and utilization projection trends by benefit category are determined by examining:

- experience trends,
- provider reimbursement arrangements,
- utilization patterns by benefit category, and
- any pending changes for reimbursement or utilization.

BCBSAL also assumed no material difference in the impact of COVID claims between the experience period (2023) and the projection period (2025).

Exhibit 5.1 shows the components of trend broken into Year 1 (2024) and Year 2 (2025). Trends were selected using actuarial judgement with considerations for changes in demographics, benefits, seasonality, and one-time events.

Exhibit 5.1 Underlying Trend Factor Development		
	Year 1 Trend	Year 2 Trend
	January - December 2024	January - December 2025
Benefit Category		
Inpatient		
Outpatient		
Professional		
Other Medical		
Capitation		
Prescription Drug		
Composite		

Since the current URRT instructions do not define a methodology for reflecting the change in allowed cost due to the expected shift in distribution of members by product between the experience period and the projection period, BCBSAL elected to adjust the underlying utilization trends for all benefit categories excluding Capitation.

Exhibit 5.2 shows the calculation for the value of the change in product mix. The allowed relativities used were derived from the Milliman Managed Care Rating Model, which was calibrated to BCBSAL’s Individual experience.

Exhibit 5.2 Value of Change in Product Mix				
Plan Name	Modeled Allowed Relativities	2023 Member Months	2024 Member Months	2025 Member Months
Blue Value Gold				
Blue HSA Gold				
Blue Cross Select Gold				
Blue Standardized Gold				
Blue Secure Silver				
Blue Value Silver				
Blue Cross Select Silver				
Blue Standardized Silver				
Blue Standardized Silver EPO				
Blue Saver Silver EPO				
Blue Saver Silver				
Blue Saver Bronze				
Blue HSA Bronze				
Blue Standardized Bronze				
Blue Protect				
Total				

2023 Weighted Average Modeled Allowed Relativity		
2024 Weighted Average Modeled Allowed Relativity		
2025 Weighted Average Modeled Allowed Relativity		

Year 1 Product Mix Trend Factor		
Year 2 Product Mix Trend Factor		

Exhibit 5.3 shows the product mix adjusted trend factors by benefit category for Year 1 and Year 2. This exhibit combines information from Exhibits 5.1 and 5.2.

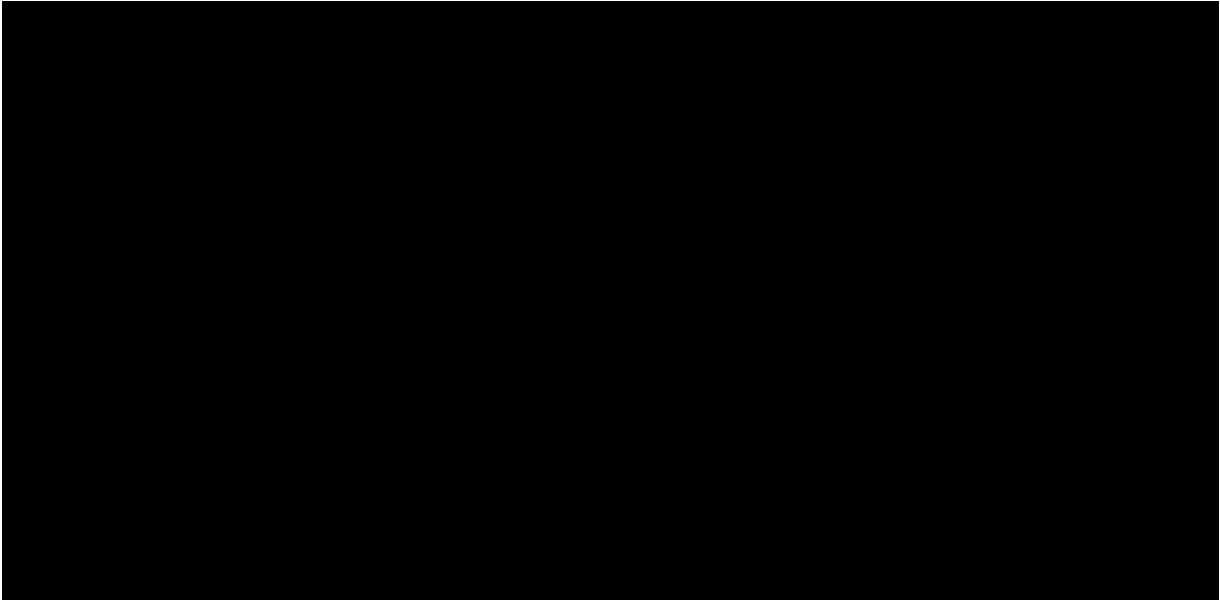
Exhibit 5.3 URRT Trend Factors				
	Year 1 Trend		Year 2 Trend	
	January - December 2024		January - December 2025	
Benefit Category	Cost	Utilization	Cost	Utilization
Inpatient				
Outpatient				
Professional				
Other Medical				
Capitation				
Prescription Drug				
Composite				

Section 6: Morbidity and Other Adjustments

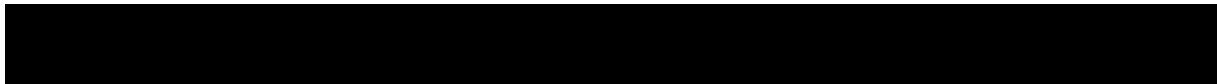
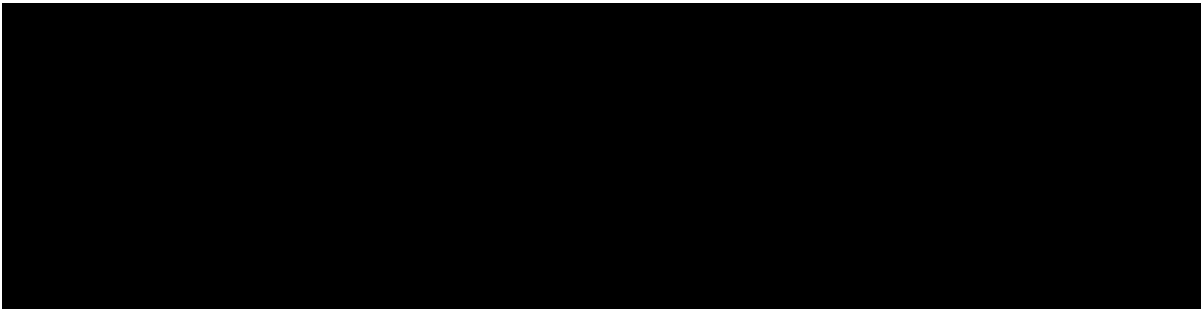
Morbidity Adjustment

BCBSAL developed the expected Individual Market morbidity factor for 2025 based on available data on Individual Market members through April 2024. The following is the list of considerations that went into the morbidity factor development.

2023 to 2024 considerations



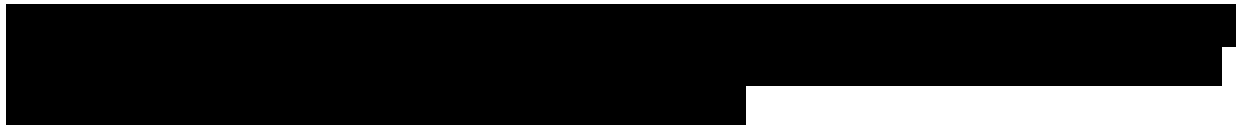
2024 to 2025 considerations



A high-level summary of the morbidity factor development is shown in Exhibit 6.1.

Exhibit 6.1: Projected Morbidity Factor	
	Factor
2024 vs 2023 Morbidity Factor	
2025 vs 2024 Morbidity Factor	
Total Morbidity Factor	

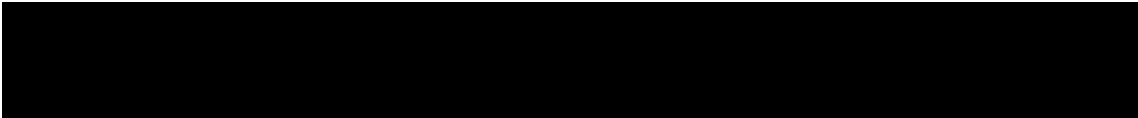
For 2024 and 2025, BCBSAL derived morbidity trend factors by using currently available data and actuarial judgement to make assumptions about changes to the Individual Market in Alabama.



Available data includes:

- 2023 Risk Adjustment transfers by issuer
- 2023 member months by issuer
- Members by issuer and metal level as of 3/31/2024 provided by AL DOI
- The number of members who remained on a BCBSAL plan from 2023 to 2024

Assumptions made for 2023 data:



Assumptions made for 2024:

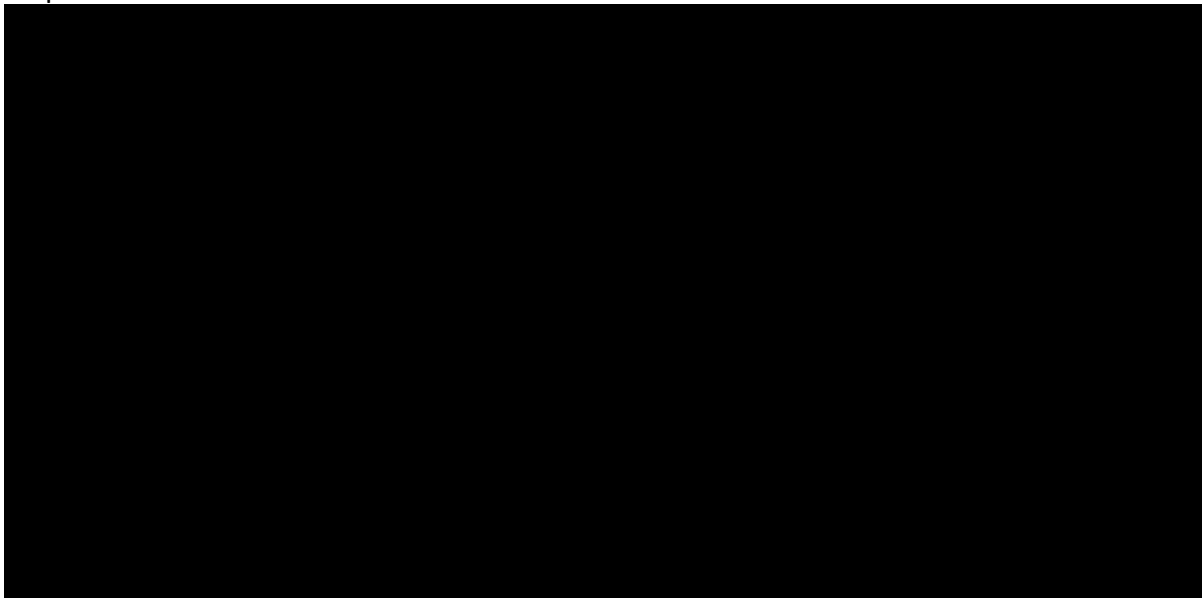




Exhibit 6.2: Projected 2024 vs 2023 Change in Morbidity



Assumptions made for 2025:

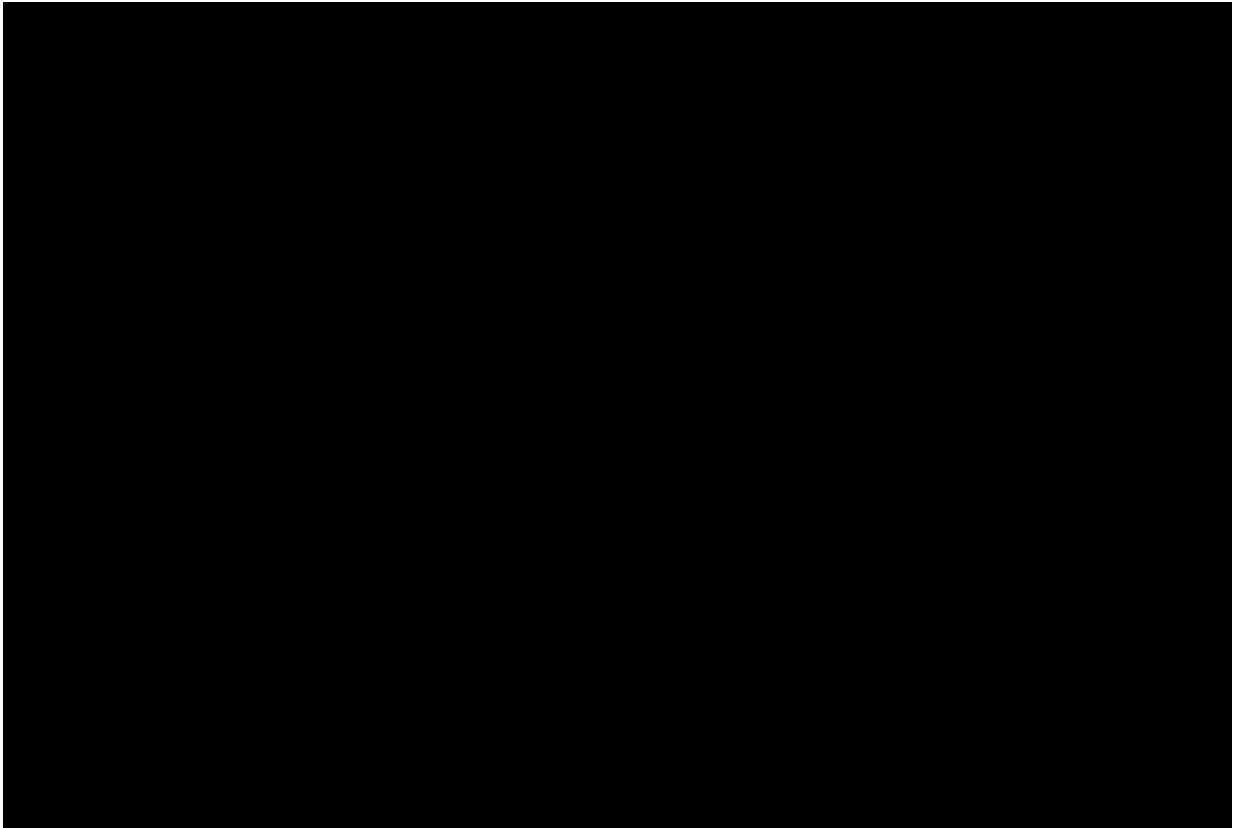
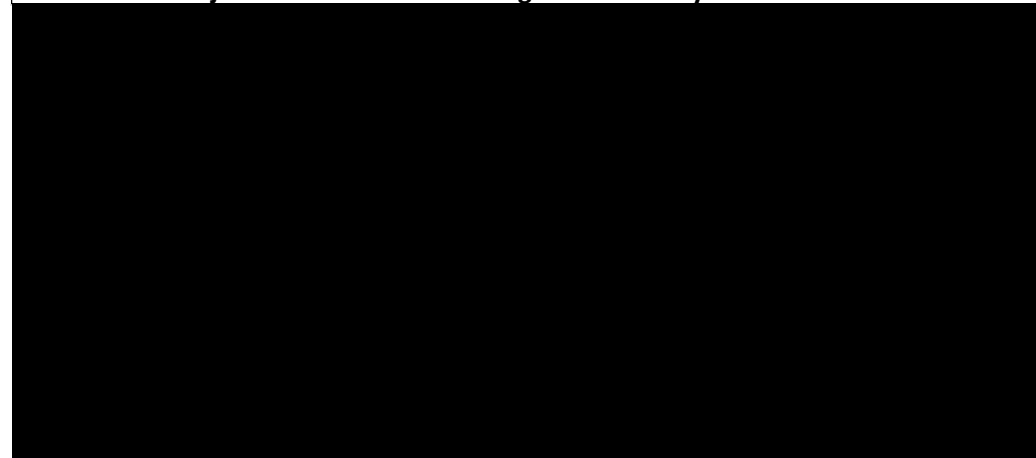




Exhibit 6.3: Projected 2025 vs 2024 Change in Morbidity



Other Adjustments

BCBSAL is not making any adjustments to this filing that are not otherwise and elsewhere addressed in this rate development.

Consequently, the “Other” factor used in Section II of Worksheet 1 is 1.000.

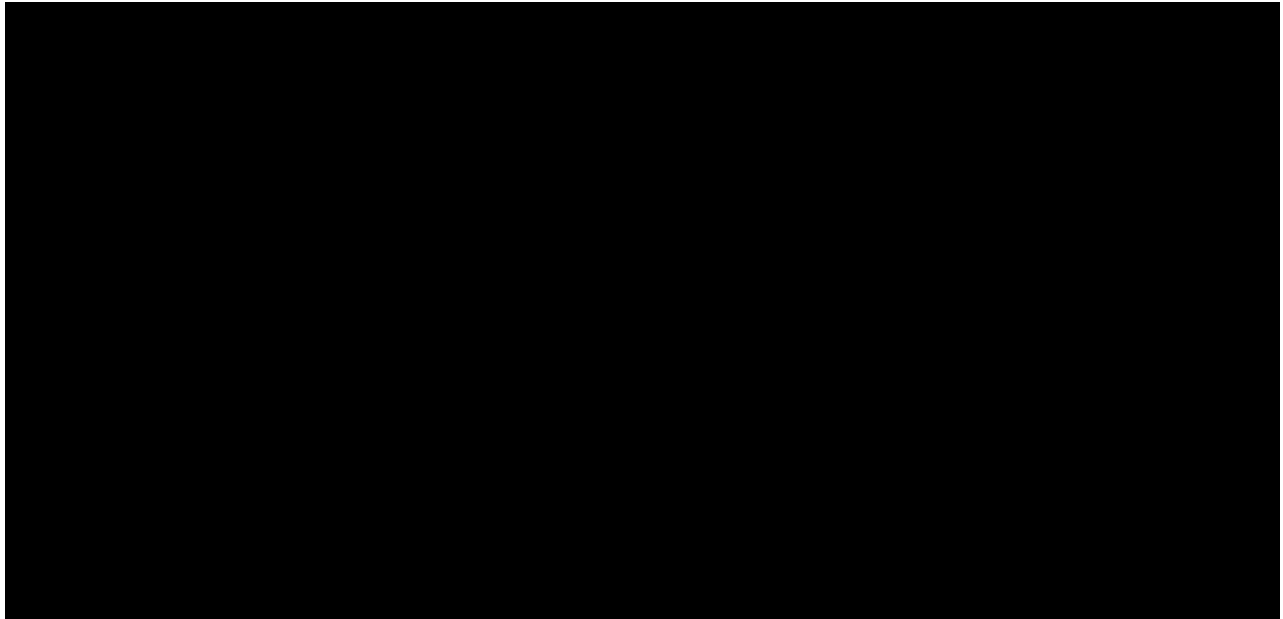
Section 7: Demographic Shift

Demographic changes were estimated using:

- BCBSAL's projected member months,
- BCBSAL's area rating factors,
- BCBSAL's tobacco rating factor, and
- Age curve described in the State of Alabama Department of Insurance Bulletin No. 2020-17 which is included in the Appendix of this Actuarial Memorandum.

Area Factor Adjustment

The rating areas used are the Alabama geographic rating areas listed in Appendix A of the State of Alabama Department of Insurance Bulletin No. 2013-04.



- Considered:
 - 1) Geographic proximity of rating areas,
 - 2) Data consistency across [REDACTED] and
 - 3) Rate impact for renewing policies from changing the area factors.

Exhibit 7.1 shows BCBSAL’s current and proposed area rating factors.

Exhibit 7.1: Area Factors			
MSA	Rating Area	Current Area Factors	Proposed Area Factors
Anniston-Oxford, AL	Rating Area 1		
Auburn-Opelika, AL	Rating Area 2		
Birmingham-Hoover, AL	Rating Area 3		
Columbus, GA-AL	Rating Area 4		
Decatur, AL	Rating Area 5		
Dothan, AL	Rating Area 6		
Florence-Muscle Shoals, AL	Rating Area 7		
Gadsden, AL	Rating Area 8		
Huntsville, AL	Rating Area 9		
Mobile, AL	Rating Area 10		
Montgomery, AL	Rating Area 11		
Tuscaloosa, AL	Rating Area 12		
Non-MSA Area, AL	Rating Area 13		

Exhibit 7.2 shows the numerical development of the “2023 Experience Period Average Area Factor” of [REDACTED] which was developed as the weighted average of the “Area Factors” using the 2023 membership across rating areas as weights.

Exhibit 7.2 also shows the numerical development of the “2025 Projection Period Average Area Factor” of [REDACTED] which was developed as the weighted average of the “Area Factors” using the projected 2025 membership across rating areas as weights.

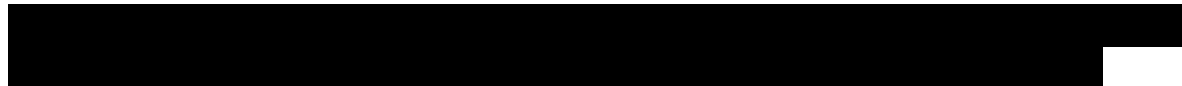


Exhibit 7.2: Area Factor Adjustment				
MSA	Rating Area	Area Factors	Actual 2023 Enrollment Distribution	Projected 2025 Enrollment Distribution
Anniston-Oxford, AL	Rating Area 1	[REDACTED]	[REDACTED]	[REDACTED]
Auburn-Opelika, AL	Rating Area 2			
Birmingham-Hoover, AL	Rating Area 3			
Columbus, GA-AL	Rating Area 4			
Decatur, AL	Rating Area 5			
Dothan, AL	Rating Area 6			
Florence-Muscle Shoals, AL	Rating Area 7			
Gadsden, AL	Rating Area 8			
Huntsville, AL	Rating Area 9			
Mobile, AL	Rating Area 10			
Montgomery, AL	Rating Area 11			
Tuscaloosa, AL	Rating Area 12			
Non-MSA Area, AL	Rating Area 13			
Total				
2023 Experience Period Average Area Factor				
2025 Projection Period Average Area Factor				
Area Factor Adjustment [REDACTED]				

Age Factor Adjustment

BCBSAL used the age curve described in the paragraph immediately preceding Exhibit 18.2 in calculating the average age factor for both the experience period and the projection period. The average age factor for the projection period was calculated by analyzing historical membership, average age factor, and monthly percentage change in average age. This development can be seen in Exhibits 7.3 and 7.4.

In the exhibits, the Monthly Change is the actual change in the average age factor by month. BCBSAL used the Monthly Change impact in the historical data as a basis for the Monthly Change impact in the projected data. The 2025 projection period average age factor is a weighted average of the projected monthly average age factor and the projected total enrollment by month.

Exhibit 7.3: Historical Average Age Factor Change Analysis

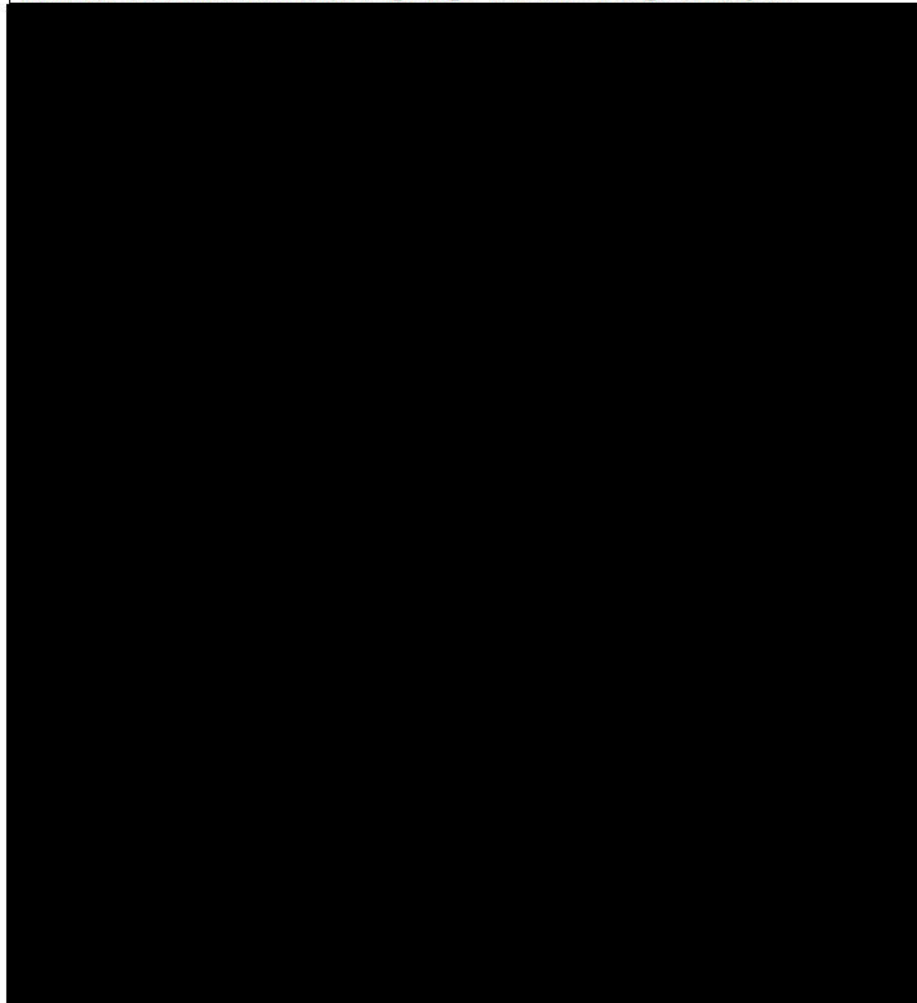


Exhibit 7.4: Projected Average Age Factor Changes					
Month	Open Enroll	Data Type	Total Members	Average Age Factor	Monthly Change
[Redacted]					

Tobacco Factor Adjustment

For the 2025 rate filing, BCBSAL performed updated analysis for tobacco rating factor. This factor was developed [Redacted]

[Redacted] The data was also normalized for benefit plan mix, area mix, and age mix.

The experience period tobacco factor [REDACTED] was developed using 2023 enrollment by tobacco usage status and exchange status. The latter split of 2023 enrollment was used to see if the distribution of tobacco and non-tobacco users varies by that characteristic. Exhibit 7.5 provides detailed information concerning the development of the 2023 average tobacco factor.

Exhibit 7.5: 2023 Experience Period Average Tobacco Factor			
Tobacco User	Exchange Status	Member Months	Tobacco User Factor
Yes	On Exchange	[REDACTED]	[REDACTED]
No	On Exchange	[REDACTED]	[REDACTED]
Yes	Off Exchange	[REDACTED]	[REDACTED]
No	Off Exchange	[REDACTED]	[REDACTED]
2023 Average Tobacco Factor		[REDACTED]	[REDACTED]
% of Total Enrollment on Exchange		[REDACTED]	[REDACTED]
2023 On Exchange % Tobacco User		[REDACTED]	[REDACTED]
2023 Off Exchange % Tobacco User		[REDACTED]	[REDACTED]

BCBSAL used experience data showing the average percentage of tobacco users by year for On Exchange vs. Off Exchange to make assumptions about this distribution for 2025. Results are shown in Exhibit 7.6.

Exhibit 7.6: Percentage of Tobacco Users		
Year	On Exchange	Off Exchange
2020	[REDACTED]	[REDACTED]
2021	[REDACTED]	[REDACTED]
2022	[REDACTED]	[REDACTED]
2023	[REDACTED]	[REDACTED]
2024 (Jan-Apr)	[REDACTED]	[REDACTED]
2025 (assumed)	[REDACTED]	[REDACTED]

The projection period tobacco factor [REDACTED] was developed by combining the assumptions above for percentage of tobacco users and BCBSAL’s projected 2025 enrollment by on exchange and off exchange. The numerical development for the 2025 projected average tobacco factor can be found in Exhibit 7.7.

Exhibit 7.7: 2025 Projection Period Average Tobacco Factor			
Tobacco User	Exchange Status	Member Months	Tobacco User Factor
Yes	On Exchange		
No	On Exchange		
Yes	Off Exchange		
No	Off Exchange		
2025 Average Tobacco Factor			
% of Total Enrollment on Exchange			
2025 On Exchange % Tobacco Use			
2025 Off Exchange % Tobacco Use			

The calculation for the tobacco factor adjustment was done by dividing the 2025 average tobacco factor by the 2023 average tobacco factor and can be found in Exhibit 7.8.

Exhibit 7.8: Tobacco Factor Adjustment		
Year	Member Months	Average Tobacco Factor

Total Demographic Shift

Exhibit 7.9 shows the calculation of the total demographic shift factor.

Exhibit 7.9: Demographic Shift	Factor

Section 8: Plan Design Changes

From the experience period to the projection period BCBSAL made changes to cost sharing requirements for each plan.

These changes were implemented to:

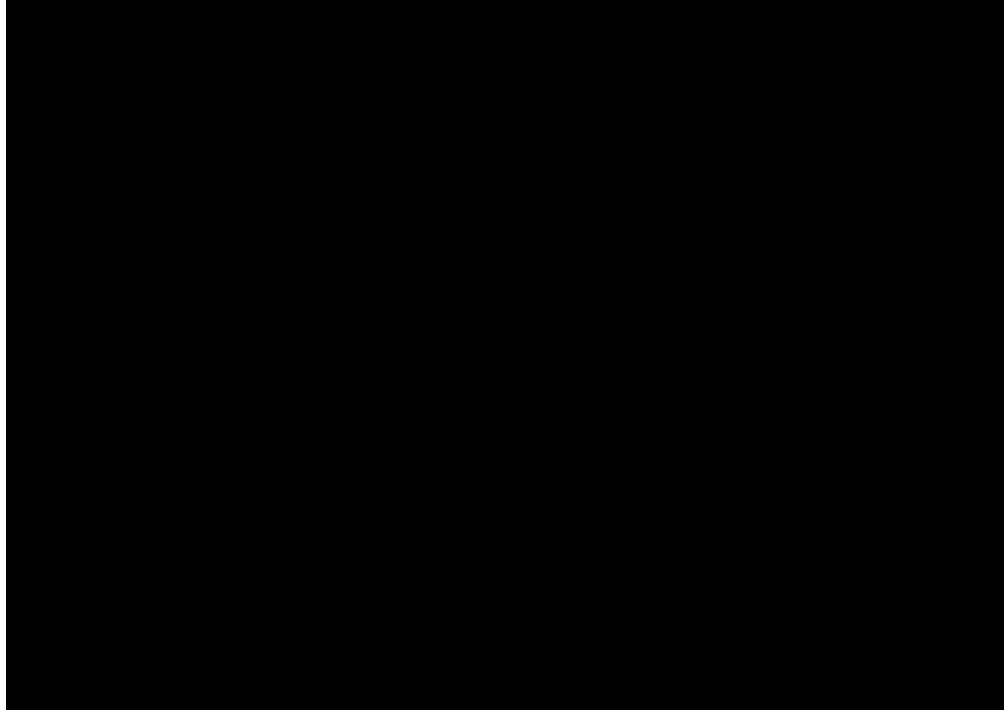
- (1) Maintain Actuarial Values within de minimis ranges,
- (2) Reflect changes in regulations, and/or
- (3) Reflect changes in the cost and utilization of medical care.

The value of these changes for each plan was calculated by using the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual experience.

More specifically, the Milliman Managed Care Rating Model was used to model both the 2023 and 2025 benefits. The difference between these two values is the difference due only to the change in cost sharing and can be seen in Exhibit 8.1.

Exhibit 8.1: Value of Cost Sharing Changes from 2023 to 2025 by Plan			
Plan Name	2023 Modeled Allowed Relativities	2025 Modeled Allowed Relativities	Value of Cost Sharing Changes from 2023 to 2025

The overall value for the cost sharing changes is calculated in Exhibit 8.2. The Impact of Cost Sharing Changes on Allowed Claims PMPM is 1 plus the Value of Cost Sharing Changes from 2023 to 2025 found in Exhibit 8.1.

Exhibit 8.2: Allowed Impact of Cost Sharing Changes		
Plan Name	% of 2023 Total Allowed Claims	Impact of Cost Sharing Changes on Allowed Claims PMPM
		

Section 9: Manual Rate Adjustments

No manual rate adjustment was needed as BCBSAL's experience period claims are deemed fully credible as discussed in Section 10: Credibility of Experience.

Section 10: Credibility of Experience

BCBSAL has assigned full credibility to the Base Period Experience in the Individual URRT as this experience is comprised of [REDACTED]

This assignment of full credibility “without using a rigorous mathematical model” is consistent relative to Actuarial Standards of Practice No. 25 Credibility Procedures, specifically section 3.4, “Professional Judgment,” which states, “...in some situations, an acceptable procedure for blending the subject experience with the relevant experience may be based on the actuary assigning full, partial, or zero credibility to the subject experience without using a rigorous mathematical model.”

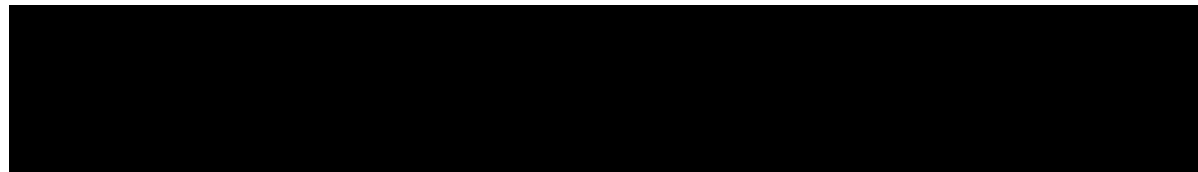
Section 11: Establishing the Index Rate

Information contained in this section may not calculate exactly to the final results indicated due to rounding.

Experience Period Index Rate

Exhibit 11.1 provides details around the development of BCBSAL’s 2023 Individual ACA Index Rate.

Exhibit 11.1: Calculation of Experience Period Index Rate						
	A	B	C	D = B / C * 12000	E = A / B	F = D * E / 12000
Benefit Category	Allowed Claims	Utilization	Member Months	Utilization/1000	Cost/Service	Experience Period Index Rate PMPM
Inpatient Hospital						
Outpatient Hospital						
Professional						
Other Medical						
Capitation						
Prescription Drug						
Total						



Projection Period Index Rate

BCBSAL applied the Trend Factors from Exhibit 5.3 to the Experience Period PMPM for EHB in Exhibit 11.2 to develop the Trended EHB Allowed Claims PMPM.

Exhibit 11.2: Trending EHB Allowed Claims PMPM						
	A	B	C	D	E	F = A * B * C * D * E
Benefit Category	Experience Period Index Rate PMPM	Year 1 Cost Trend	Year 1 Utilization Trend	Year 2 Cost Trend	Year 2 Utilization Trend	Trended EHB Allowed Claims PMPM
Inpatient Hospital						
Outpatient Hospital						
Professional						
Other Medical						
Capitation						
Prescription Drug						
Total						

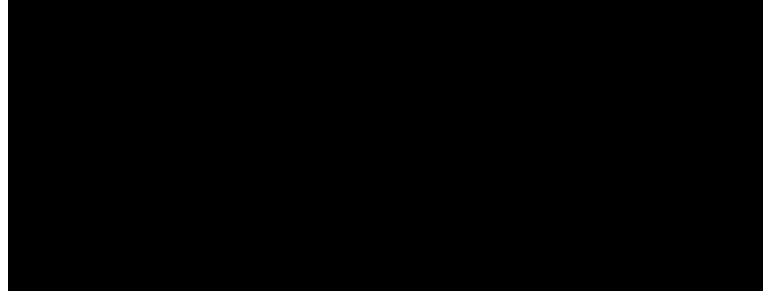
- The Cost and Utilization Trend factors are applied for 12 months each, covering the 24 months from mid-point of the experience period to mid-point of the projection period.
- For example, Trended EHB Allowed Claims PMPM for Outpatient is calculated as follows:



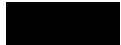
BCBSAL applied the Projection Factors listed below, and shown in Exhibit 11.3, to the Trended EHB Allowed Claims PMPM to develop the Projection Period Index Rate.

- Morbidity Adjustment: Section 6: Morbidity and Other Adjustment, Exhibit 6.1,
- Demographic Shift: Section 7: Demographic Shift, Exhibit 7.9,
- Impact of Plan Design Changes: Section 8: Plan Design Changes, Exhibit 8.2, and
- Other: Section 6: Morbidity and Other Adjustment.

Exhibit 11.3: Calculation of Projection Period Index Rate



There will be no non-EHBs covered in the Individual Market during 2025, and as described in Section 10, BCBSAL has assigned full credibility to its base period experience and no manual rate adjustment is necessary. Therefore, the Index Rate for the Projection Period is also

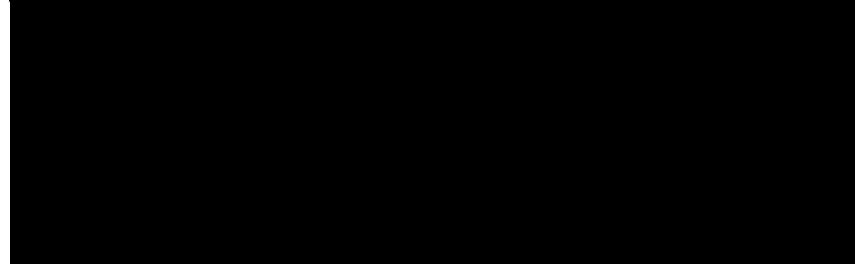


The Trended EHB Allowed Claims PMPM in Exhibit 11.2 and the Projected Index Rate in Exhibit 11.3 may not match exactly to the Trended EHB Allowed Claims PMPM and the Projected Index Rate in the URRT due to rounding.

Section 12: Development of the Market Adjusted Index Rate

The Market Adjusted Index Rate is calculated as the index rate adjusted for all allowable market-wide modifiers, including reinsurance, risk adjustment, and the exchange user fee adjustment. This calculation is shown in Exhibit 12.1. The Market Adjusted Index Rate in Exhibit 12.1 may not match exactly to the Market Adjusted Index Rate in the URRT due to rounding.

Exhibit 12.1: Calculation of 2025 Market Adjusted Index Rate



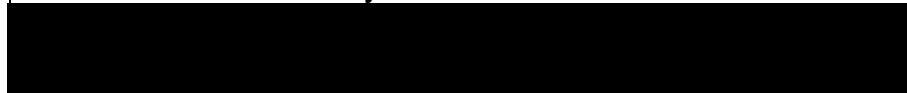
Reinsurance

There are no expected reinsurance recoveries for 2025.

Experience Period Risk Adjustment

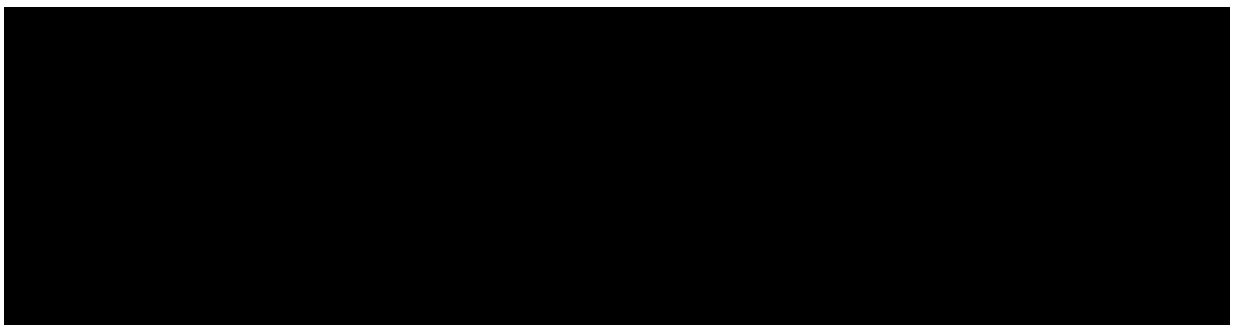
The risk adjustment transfer for the 2023 BCBSAL Individual Market is listed in Exhibit 12.2. This amount, which BCBSAL will receive for 2023 net of High-Cost Risk Pool payments and charges, is an estimate based on currently available information from CMS and the Alabama DOI.

Exhibit 12.2: 2023 Risk Adjustment Transfer



Projected Risk Adjustment PMPM

BCBSAL expects a recovery of [REDACTED] PMPM in 2025 from the risk adjustment program, based on the following:



- Per the instructions outlined in the 2025 HHS Final Notice of Benefit and Payment Parameters, risk adjustment transfers will not be reduced in the Alabama Individual Market for the 2025 benefit year.
- BCBSAL does not anticipate any Risk Adjustment Data Validation Charges or Default Data Validation Charges.
- Risk adjustment transfers will be altered for high-cost enrollees in 2025.
 - Individual Market issuers will be reimbursed for 60% of paid claims in excess of \$1 million for any such enrollees.
 - All Individual Market issuers nationwide will be assessed a small uniform percent of premium.
 - [REDACTED]

Exhibit 12.3 shows the calculation for the projected 2025 Risk Adjustment PMPM.

Exhibit 12.3: Calculation of Risk Adjustment Transfer PMPM
[REDACTED]

In the development of the market adjusted index rate, the expected risk adjustment transfer will be applied to the index rate on an allowed claims basis. To calculate the [REDACTED]



Exchange User Fee


The exchange user fee adjustment in the Market Adjusted Index Rate calculation is on an allowed basis. The exchange user fee on an incurred basis is  of premium. Exhibit 12.4 provides the detailed development of the exchange user fee on an allowed basis.

Exhibit 12.4: Calculation of Exchange User Fee (Allowed Basis)



Section 13: Actuarial Value and Cost Sharing

Induced Utilization Adjustment Factors

The induced utilization adjustment factors:

- Account for the expected utilization differences due to differences in cost sharing,
- Quantify the induced utilization of the plan relative to the induced utilization of the total Individual Market,
- Were developed using the Milliman Managed Care Rating Model using a standard population and [REDACTED] claims experience normalized for risk, area, network, and large claims, and
- Demonstrate the expected utilization differences due to cost-sharing factors alone, independent of health status.

The induced utilization adjustment factors are shown in column C of Exhibit 16.1.

Paid to Allowed Adjustment Factors

The 2025 average paid to allowed factor is calculated by projecting paid to allowed ratios and allowed PMPMs by plan. Unrounded values were used throughout this section.

Exhibit 13.1 shows the development of the each plan's Projected 2025 Paid to Allowed Ratio. The paid amount used in this development assumes all members are on the non-CSR Variation plan.

Exhibit 13.1: Projected 2025 Paid to Allowed Ratios by Plan
[Redacted content]

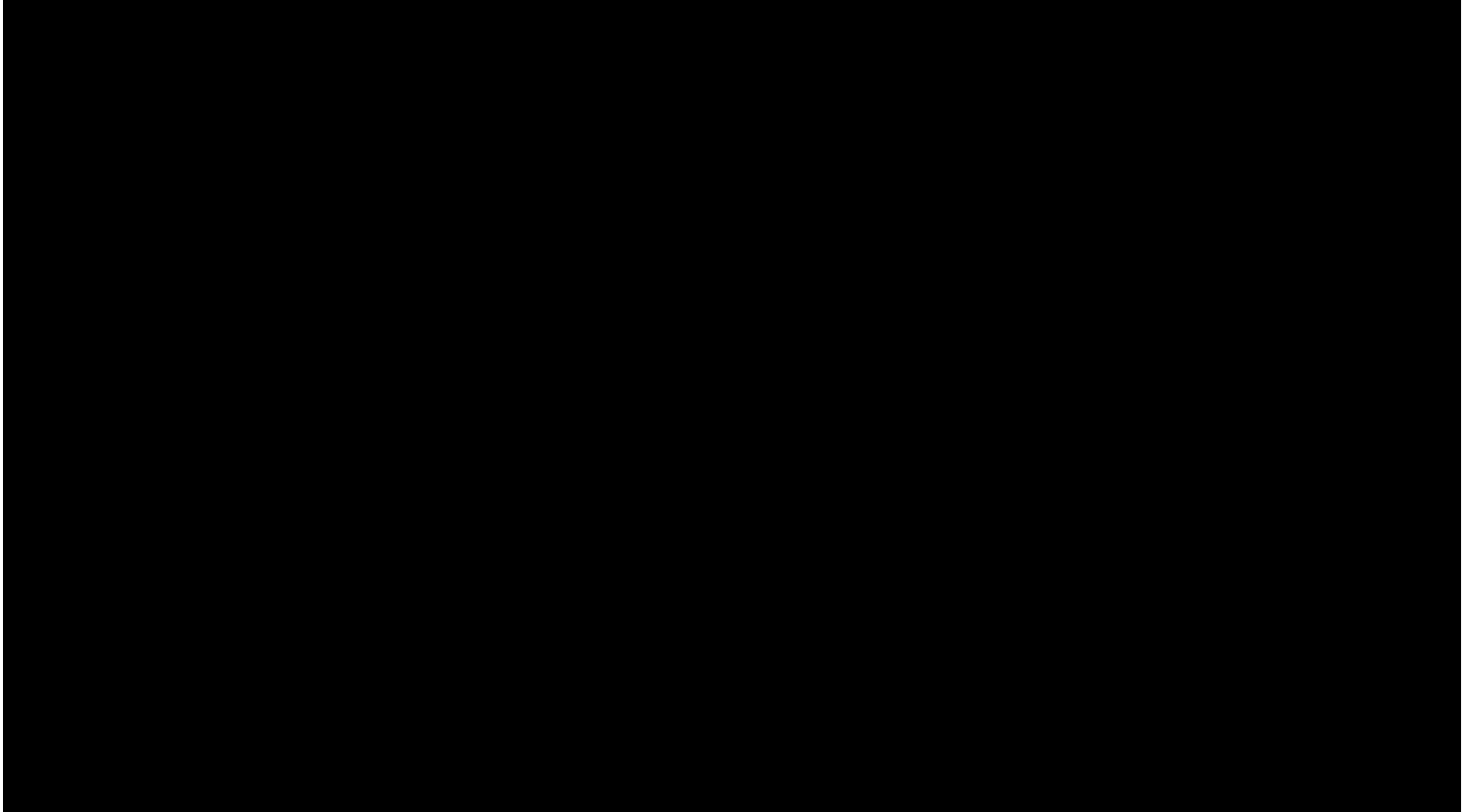
The following items in Exhibit 13.1 were derived using the Milliman Managed Care Rating Model which was calibrated to BCBSAL's Individual experience:

- Estimated Impact of Leveraging (column B),
- Estimated Impact of Cost Sharing Changes (column C), and
- Estimated Impact of Change in Morbidity (column D).

[Redacted content]

Exhibit 13.2 shows the development of each plan's Projected 2025 Allowed PMPM.

Exhibit 13.2: Projected 2025 Allowed PMPMs by Plan



2023 (Actual) Allowed PMPMs shown in Exhibit 13.2 were adjusted for

- Trend (column B) by applying two years of the composite trend factor,
- Cost sharing changes (column C) that were derived from the Milliman Managed Care Rating Model, which was calibrated to BCBSAL's Individual experience
- Change in morbidity (column D) that was developed in Section 6
- Change in demographics (column E) that was developed in Section 7

Exhibit 13.3 shows the calculation of the projected paid to allowed ratio for 2025 using results from Exhibits 13.1 and 13.2.

Exhibit 13.3: Paid to Allowed Ratio

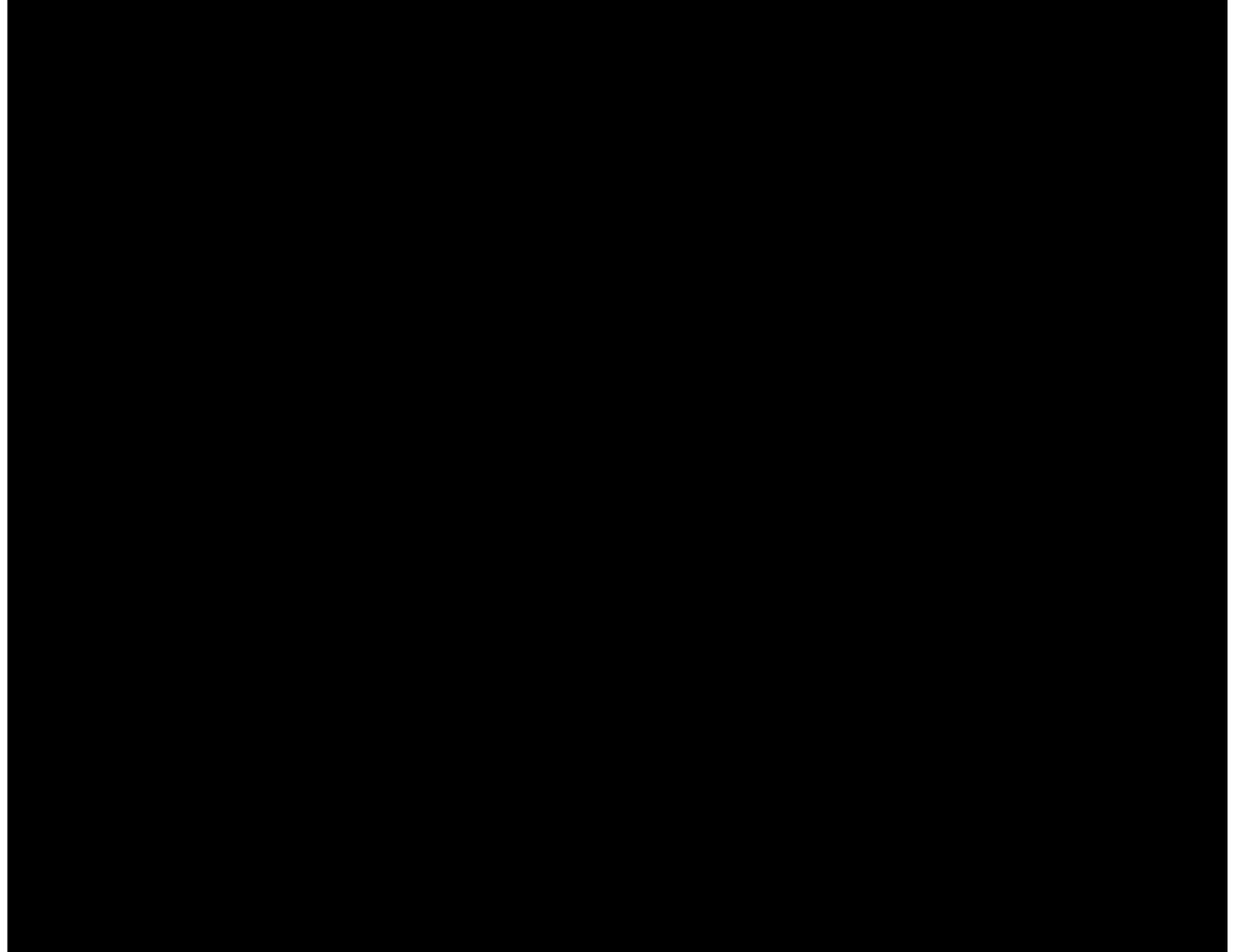
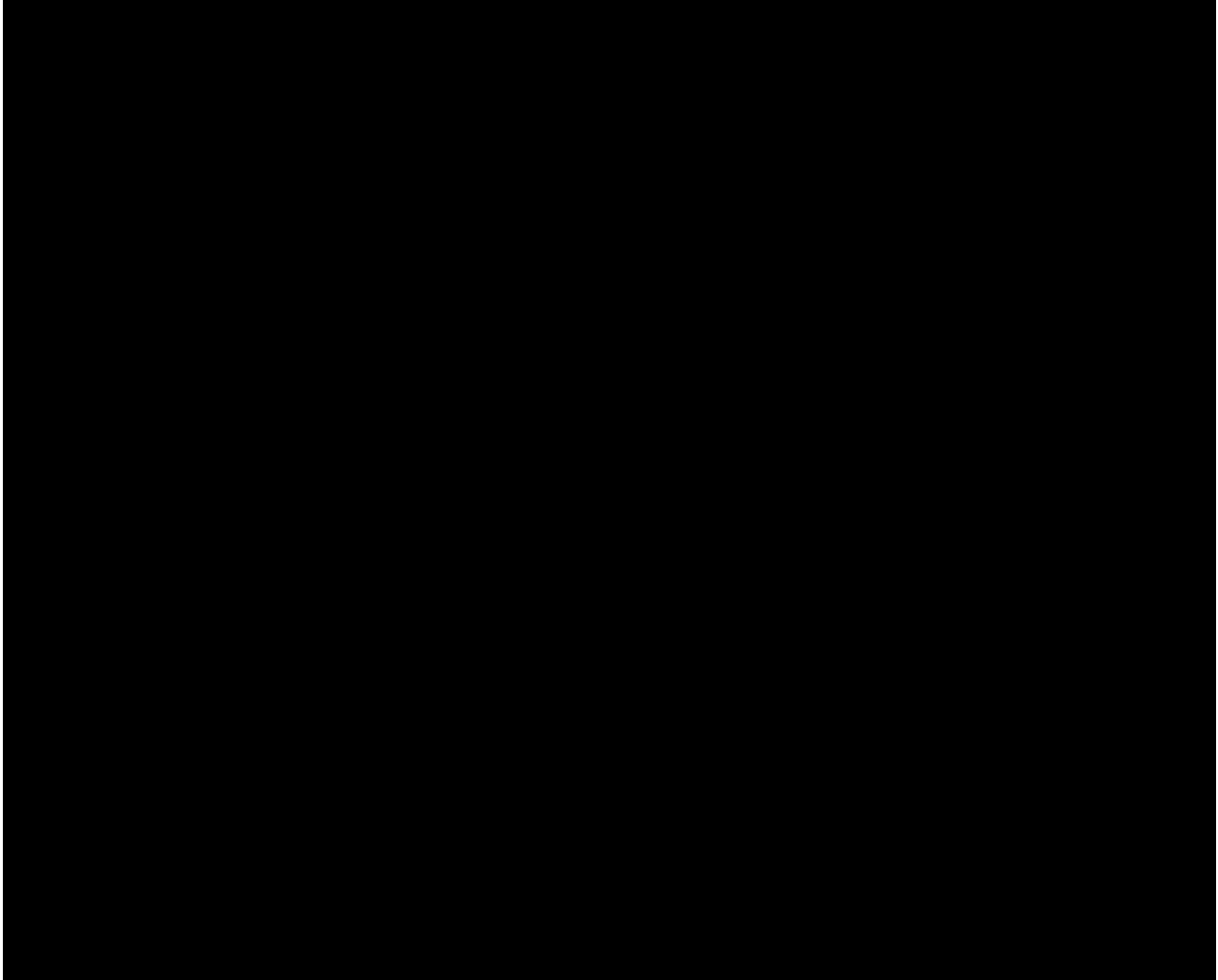


Exhibit 13.4 shows the calculation for the Paid to Allowed Adjustment Factor. The Paid to Allowed Adjustment Factor is the Modeled 2025 Paid to Allowed Ratio by plan multiplied by the 2025 Projected Total Paid to Allowed Ratio calculated in Exhibit 13.3 relative to the Total Modeled 2025 Paid to Allowed Ratio.

Exhibit 13.4: Paid to Allowed Adjustment Factors			
	A	B	C = A / A(Total) x B
Plan Name	Modeled 2025 Paid to Allowed Ratio	2025 Projected Total Paid to Allowed Ratio	Paid to Allowed Adjustment Factor

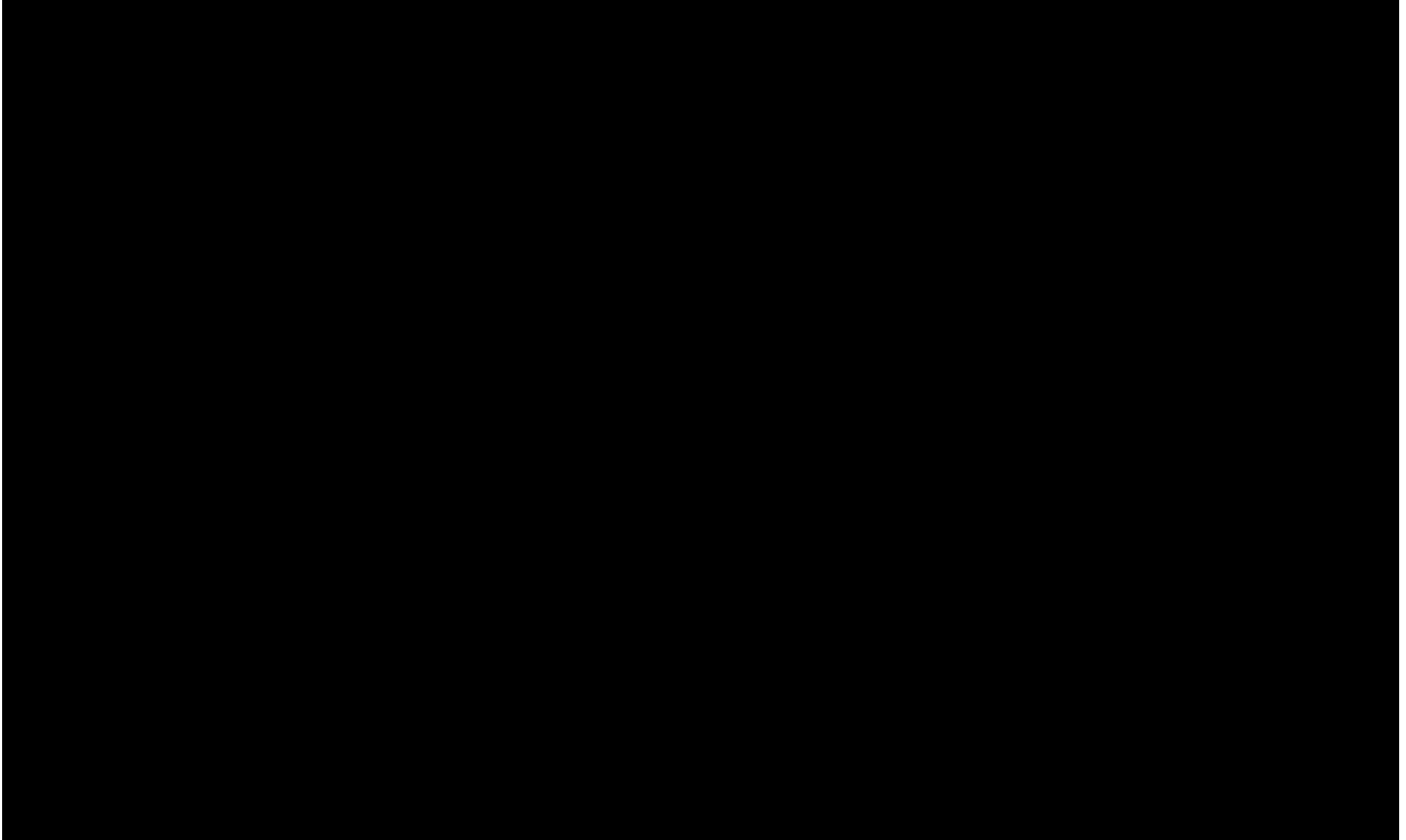
Cost Sharing Reduction (CSR) Adjustment Factor

Given that the federal government will not fund the CSR program in 2025, BCBSAL has made provisions in the development of its Plan Adjusted Index Rates.



Exhibits 13.5 and 13.6 show the development of the CSR Adjustment Factor for the QHP Silver plans for 2025.

Exhibit 13.5: Calculation of QHP Silver CSR Adjustment Factor



Projected CSR amounts by QHP silver plan variation are calculated by developing

- Projected 2025 allowed PMPMs,
- Paid to allowed ratios with and without CSR funding, and
- Average members.

The projected allowed PMPMs in column A were developed from the 2023 allowed PMPMs by plan.

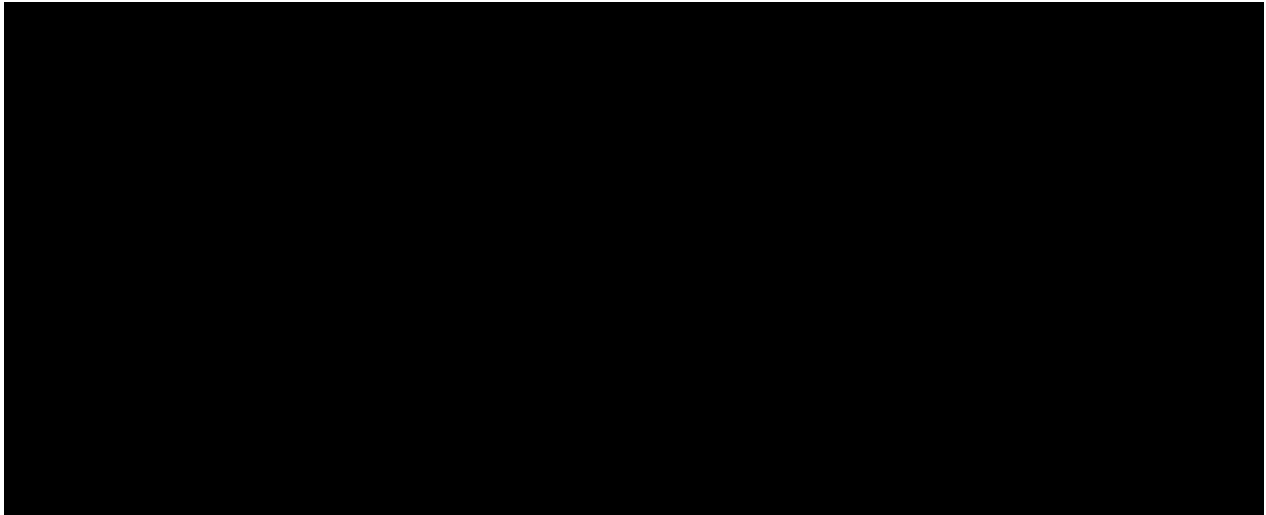
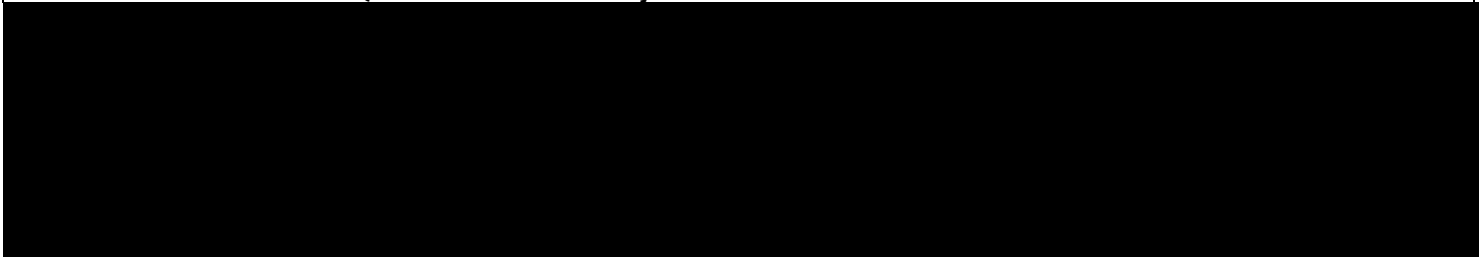


Exhibit 13.6 shows the development for the CSR Adjustment Factor for the QHP silver plans. The values shown in lines (a) and (b) of Exhibit 13.6 have been taken from Exhibit 13.5.

Exhibit 13.6: Calculation of QHP Silver Plans CSR Adjustment Factor



The projected relativity of BCBSAL's loss ratio of QHP silver plans with CSR funding adjusted for drug rebates, and BCBSAL's entire individual ACA block of business is shown in line (c) as [REDACTED]

This [REDACTED] indicates the loss ratio of QHP silver plans is projected to be about [REDACTED] less than that of the entire block based on historical and current data.

The factor of [REDACTED] is developed by dividing row (a) by row (b) and multiplying that result by row (c). Multiplying by row (c) adjusts the calculation such that the additional premium and claims resulting from CSR being unfunded in 2025 do not change the loss ratio of the entire individual ACA block of business.

This projected [REDACTED] impact has been combined with the projected [REDACTED] impact for the limited cost sharing and no cost sharing CSR variation plans for eligible American Indians and Alaska Natives as shown in row (e) to develop the QHP Silver Plan CSR Adjustment Factor of [REDACTED] as shown in row (f).

Section 14: Administrative Costs

BCBSAL evaluated administrative expenses for all lines of business including Individual ACA.

Administrative expenses were reviewed on: (i) per capita, and (ii) percent of premium basis for prior time periods.

The administrative expense assumption was developed from this analysis and converted to a percent of premium.

Considerations for the 2025 administrative expense assumption include, but are not limited to:

- Administrative expenses for the corporation, and historical changes,
- Administrative expenses by line of business, and expenses allocated to Individual ACA, and
- Ongoing maintenance, requirements, and future improvements in health plan administration (for Individual ACA), and medical management programs applicable to Individual ACA.

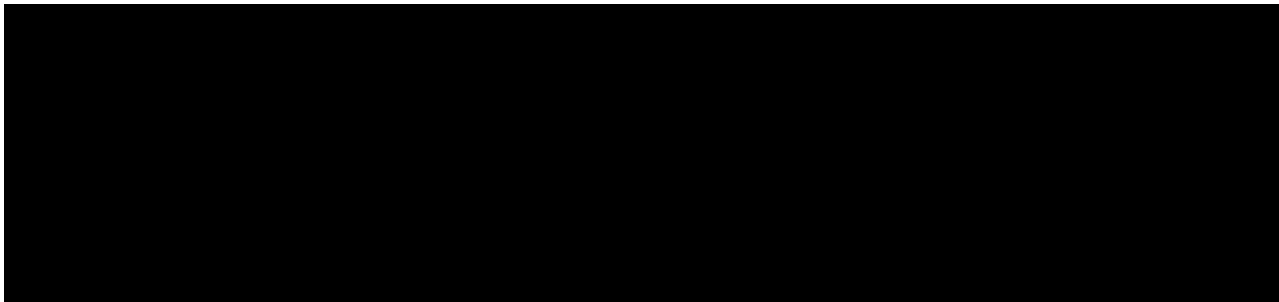


Exhibit 14.1 shows the non-benefit expense components for 2025. Assumptions for 2024 are listed for reference only.

Exhibit 14.1: Components of Total URRT Retention		
Component	Retention Factors	
	2024	2025
Administrative Expenses		
Contribution to Surplus & Risk Margin		
Taxes and Fees (from Exhibit 14.2)		
Total URRT Retention		

URRT retention components are rounded to four decimal places (or two decimal places for a number expressed as a percentage).

Exhibit 14.2 shows the taxes and fees components for 2025. The taxes and fees components for 2024 are listed for reference only.

Exhibit 14.2: Components of Taxes and Fees		
Component	Retention Factors	
	2024	2025
State Premium Tax		
Risk Adjustment User Fee		
Patient-Centered Outcomes Research Institute (PCORI) Fee		
Total Taxes and Fees		

Totals for taxes and fees are rounded to four decimal places (or two decimal places for a number expressed as a percentage).

Taxes and Fees (expressed as a percent of premium):

State Taxes – state premium tax established by state law as 1.60% percent of premium.

- State Premium Tax 1.60%

ACA Taxes and Fees – applicable to the Individual Market as defined by the ACA.

- Risk Adjustment User Fee [REDACTED]

The HHS Notice of Benefit and Payment Parameters for 2025 established the 2025 risk adjustment user fee at \$0.18 PMPM. This converts to approximately [REDACTED] of BCBSAL’s 2025 projected individual non-grandfathered premium.

- Patient-Centered Outcomes Research Institute (PCORI) Fee [REDACTED]

The IRS indicated a PCORI fee of \$3.22 PMPY for plan years ending on or after 10/01/2023 and before 10/01/2024. By applying projected inflation, a projected PCORI fee of [REDACTED] PMPY was developed for plan years ending 12/2025. This converts to approximately [REDACTED] of BCBSAL’s 2025 projected individual non-grandfathered premium.

Section 15: Other Plan Level Adjustments

Provider Network Adjustment

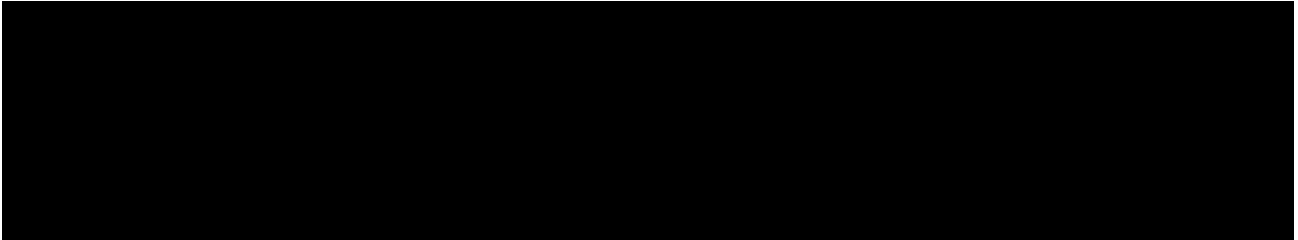
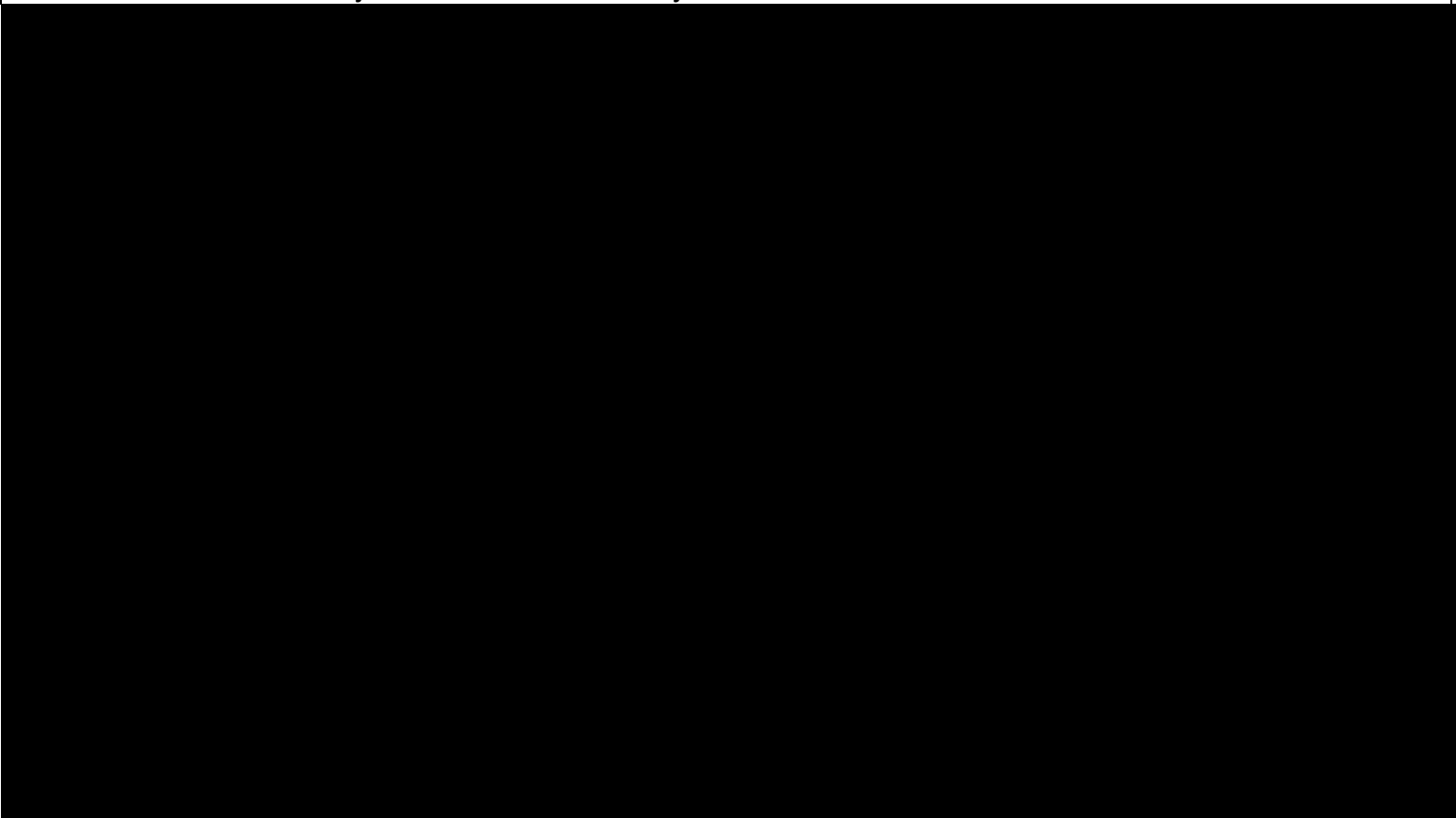


Exhibit 15.1: Calculation of Adjusted Provider Network Adjustments



Catastrophic Factor

Using the Milliman Managed Care Rating Model, BCBSAL modeled the Catastrophic plan benefits using standard demographic assumptions and then modeled the benefits using demographics for the Catastrophic plan. The modeled incurred PMPM using expected demographics for the Catastrophic plan was [REDACTED] lower than the modeled incurred PMPM using standard demographics.

CMS age factors only account for a [REDACTED] reduction to premium between the standard demographics and the expected catastrophic demographics. The catastrophic factor is used to account for the additional premium decrease needed to reflect the full [REDACTED] difference between the two populations.

[REDACTED]

The Catastrophic factor was then rounded to a factor of [REDACTED]. Exhibit 15.2 shows the Catastrophic factors by plan. All metal level plans have a factor of 1.0 as instructed by the URRT.

Exhibit 15.2: Catastrophic Factors		
Plan Name	2025 Projected Member Months	Catastrophic Factor
[REDACTED]		

Section 16: Plan Adjusted Index Rates

The Plan Adjusted Index Rates were developed from the Market Adjusted Index Rate using the following adjustment factors:

- Actuarial value and cost-sharing design (Section 13)
 - Paid to allowed adjustment factor,
 - Expected utilization differences due to differences in cost sharing labeled below in Exhibit 16.1 as induced utilization, and
 - CSR adjustment factor to fund the CSR program in 2025.
- Adjustment for administrative costs excluding exchange user fees (Section 14)
- Other plan level adjustments (Section 15)
 - Provider Network
 - Impact of specific eligibility categories for the catastrophic plan

Exhibit 16.1 provides details for the plan-specific plan adjusted index rate calculations. The Plan Adjusted Index Rates in Exhibit 16.1 may not match exactly to the Plan Adjusted Index Rates in the URRT due to rounding.

Exhibit 16.1: Calculation of Plan Adjusted Index Rates									
	A	B	C	D	E	F	G	H	$I = B \times C \times D \times E \times F \times G / (1 - H)$
Plan Name	Projected Member Months	Market Adjusted Index Rate	Induced Utilization Adjustment Factor	Paid to Allowed Adjustment Factor	CSR Adjust-ment Factor	Provider Network	Cata-strophic Factor	Admin Costs (% of Premium)	Plan Adjusted Index Rates

Section 17: Calibration

The Plan Adjusted Index Rates are calibrated in this section to an age rating factor of 1.0, a geographic area factor of 1.0, and a tobacco factor of 1.0.

Age Calibration:

The Plan Adjusted Index Rates were calibrated by a Projection Period Average Age Calibration Factor (using the age curve described in the paragraph immediately preceding Exhibit 18.2) of [REDACTED] shown in Exhibit 17.2.



The monthly Adjusted Average Age Factors shown in Exhibit 17.1 were calculated by applying a factor of zero for the members for whom no premium is paid.

These monthly Adjusted Average Age Factors were compared to the monthly Average Age Factors calculated in Exhibit 7.3 of Section 7. The average percent difference between the two factors was [REDACTED] which can be seen in Exhibit 17.1.

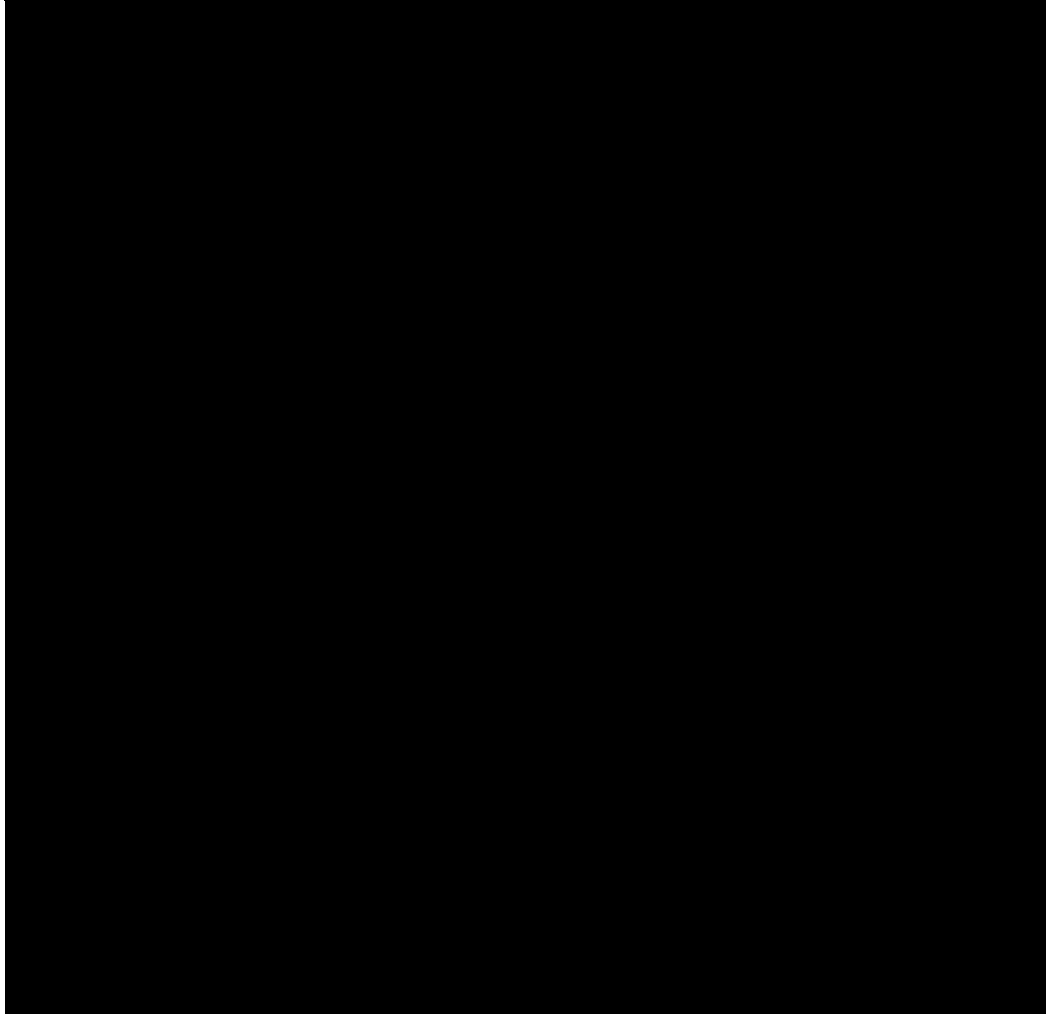
Exhibit 17.1: Historical Adjusted Average Age Factors

A large black rectangular redaction box covering the entire content of the table.

This [REDACTED] was applied to the projected Average Age Factors in Exhibit 7.4 of Section 7 to calculate the monthly Projected Adjusted Average Age Factors shown in Exhibit 17.2.

The 2025 Projection Period Average Age Calibration Factor of [REDACTED] was developed in Exhibit 17.2 as the member weighted average of the monthly 2025 projected Adjusted Average Age Factors.

Exhibit 17.2: Projected Adjusted Average Age Factors



Area Calibration:

The Plan Adjusted Index rates were also calibrated for the Projection Period Average Area Factor of [REDACTED]. The details of the development of BCBSAL's projected Individual 2025 Average Area Factor of [REDACTED] are shown in Section 7.

Tobacco Calibration

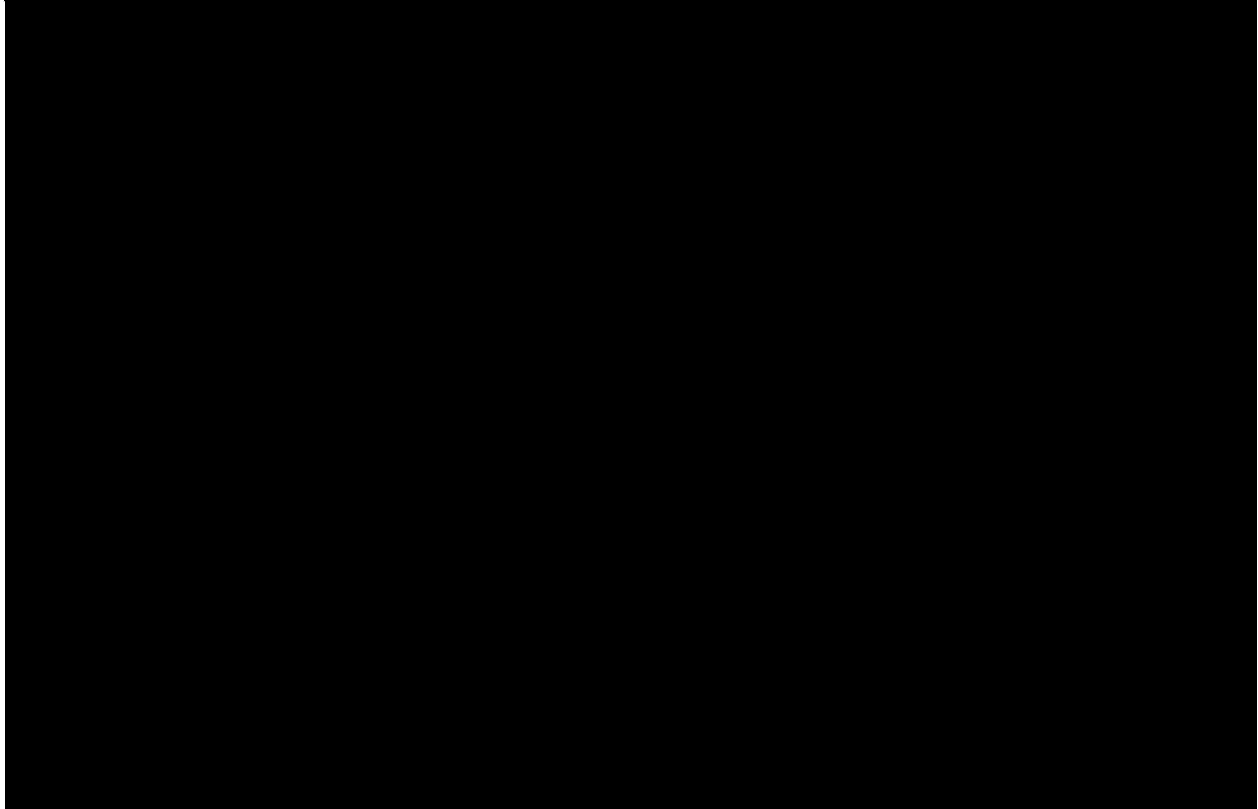
The Plan Adjusted Index Rates were also calibrated for the Projection Period Average Tobacco Factor of [REDACTED]. The details of the development of BCBSAL's projected Individual 2025 Average Tobacco Factor of [REDACTED] are shown in Section 7.

Calibrated Plan Adjusted Index Rates

The Calibrated Plan Adjusted Index Rate is the Plan Adjusted Index Rate divided by the product of the age curve calibration, area calibration, and tobacco calibration factors. Exhibit 17.3 shows the calculation of the Calibrated Plan Adjusted Index Rates, which equal the 21 year old, rating area 3 (i.e., Birmingham – MSA which has an area factor of 1.000), non-tobacco premium rates for each plan.

The Calibrated Plan Adjusted Index Rates in Exhibit 17.3 may not match exactly to the Calibrated Plan Adjusted Index Rates in the URRT due to rounding.

Exhibit 17.3: Calculation of Calibrated Plan Adjusted Index Rates



Section 18: Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is calculated by applying the appropriate area factor, age factor, and tobacco factor to the Calibrated Plan Adjusted Index Rate for a particular plan. The Calibrated Plan Adjusted Index Rates can be found in Section 17.

Below is an example of how to calculate the Consumer Adjusted Premium Rate

- 40 year-old
- Huntsville MSA
- Blue Secure Silver
- Non-smoker

Blue Secure Silver Calibrated Plan Adjusted Index Rate
 x Huntsville MSA factor
 x 40 year-old age factor
x Non-tobacco factor
 Consumer Adjusted Premium Rate



Applicable Rating Factors

Area Premium Factors: The rating areas used are the Alabama geographic rating areas listed in the State of Alabama Department of Insurance Bulletin No. 2013-04, attached in the Appendix of this memorandum. Area premium factors are shown in Exhibit 18.1.

Exhibit 18.1: Rating Area Premium Factors		
MSA	Rating Area	Factor
Anniston-Oxford, AL	Rating Area 1	
Auburn-Opelika, AL	Rating Area 2	
Birmingham-Hoover, AL	Rating Area 3	
Columbus, GA-AL	Rating Area 4	
Decatur, AL	Rating Area 5	
Dothan, AL	Rating Area 6	
Florence-Muscle Shoals, AL	Rating Area 7	
Gadsden, AL	Rating Area 8	
Huntsville, AL	Rating Area 9	
Mobile, AL	Rating Area 10	
Montgomery, AL	Rating Area 11	
Tuscaloosa, AL	Rating Area 12	
Non-MSA Area, AL	Rating Area 13	

Age Premium Factors: BCBSAL used the age curve of the State of Alabama Department of Insurance Bulletin No. 2020-17, attached in the Appendix of this memorandum. Age premium factors are shown in Exhibit 18.2.

Exhibit 18.2: Age Premium Factors			
Age	Factor	Age	Factor
0-14	0.635	40	1.278
15	0.635	41	1.302
16	0.635	42	1.325
17	0.635	43	1.357
18	0.635	44	1.397
19	0.635	45	1.444
20	0.635	46	1.500
21	1.000	47	1.563
22	1.000	48	1.635
23	1.000	49	1.706
24	1.000	50	1.786
25	1.004	51	1.865
26	1.024	52	1.952
27	1.048	53	2.040
28	1.087	54	2.135
29	1.119	55	2.230
30	1.135	56	2.333
31	1.159	57	2.437
32	1.183	58	2.548
33	1.198	59	2.603
34	1.214	60	2.714
35	1.222	61	2.810
36	1.230	62	2.873
37	1.238	63	2.952
38	1.246	64 and older	3.000
39	1.262		

Tobacco Use Premium Factor: BCBSAL will apply a rating factor of [REDACTED] for tobacco users.

As federal law has raised the age at which one can buy tobacco from 18 to 21, members under the age of 21 will all be considered non-tobacco users for rating purposes in 2025.

Family premiums will equal the sum of individual Consumer Adjusted Premium Rates calculated using the appropriate Calibrated Plan Adjusted Index Rates and the rating factors above, with the total premium charged to a family for child dependents under age 21 capped at the sum of the individual Consumer Adjusted Premium Rates for the three oldest child dependents under age 21.

Section 19: Projected Loss Ratio

The projected loss ratio for BCBSAL’s 2025 ACA Individual Market excluding grandfathered products is calculated below consistent with the federally prescribed MLR methodology of 45 CFR Part 158, 158.221.

$$MLR = \frac{i + q - s + (n - r)}{p - (t + f)} + c$$

Exhibit 19.1 lists the variables, definitions, the values taken from BCBSAL’s projections for its 2025 Individual Market excluding grandfathered products, and the MLR Result.

Exhibit 19.1 reflects the adjustments made for the 2025 unfunded CSR.

Exhibit 19.1: MLR Variables, Definitions, Values, and MLR Result		
Variable	Definition	Estimated Value
i	Incurred claims	
q	Expenditures on quality improving activities	
s	Transitional reinsurance receipts	
n	Risk corridor and risk adjustment related payments	
r	Risk corridor and risk adjustment related receipts	
n - r	Net federal risk adjustment transfers	
p	Earned premiums	
t	Federal and State taxes and assessments	
f	Licensing & regulatory fees, incl. transitional reins. contributions	
t + f	Taxes & Fees, incl. transitional reins. contributions	
c	Credibility adjustment	
	MLR Result	



Section 20: AV Metal Values

The distinction of whether the AV Metal Values included in Worksheet 2 of the URRT were entirely based on the AV Calculator, or whether an acceptable alternative methodology was used to generate the AV Metal Value of one or more plans is provided below in Exhibit 20.1.

Exhibit 20.1: Individual Market – AV Metal Values				
Plan Name ^{1, 2}	Metal Level	AV Metal Value	Entirely Based On AV Calculator ³	AV Calculator Screenshot

¹ Cost sharing reduction plan variations are not included in Exhibit 20.1 as such variations are not separate plans

² Catastrophic plan is not included in Exhibit 20.1 as the use of the AV Calculator was not required

³ Required details of the alternative methodology used are described in BCBSAL’s filed document titled, “Blue Cross and Blue Shield of Alabama, 2025 Actuarial Certification of Unique Plan Design Actuarial Values, Small Group and Individual Markets”

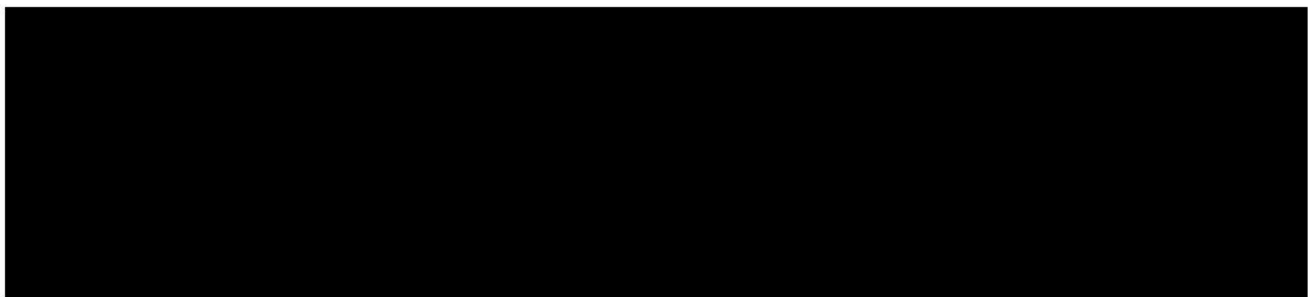
Section 21: Membership Projections

Exhibit 21.1: 2025 Member Month Projections							
			Base Plans		Variation Plans - FPL		
Plan	Metal	Total	Off Exchange	On Exchange	100-150 of FPL	150-200 of FPL	200-250 of FPL

Development of Membership Projections

Membership projections by plan (as shown in Exhibit 21.1) were developed using actual enrollment data through May 2024 and modeling monthly enrollment through December 2025, considering new enrollment rates and termination rates.

Membership projections were modeled separately for On Exchange and Off Exchange.



More new members were expected to enroll through the Exchange due to the continued availability of premium subsidies and cost sharing reduction (CSR) plans. Considerations for termination rates included the availability of subsidies and CSRs on the Exchange as well as the 90-day grace period.

Section 22: Terminated Plans and Products

No plans have been terminated prior to January 1, 2025 that have experience included in the Single Risk Pool during the experience period.

Section 23: Plan Type

All health plans, except Blue Saver Silver EPO and Blue Standardized Silver EPO, fit the definition of Preferred Provider Organization (“PPO”). Blue Saver Silver EPO and Blue Standardized Silver EPO fit the definition of Exclusive Provider Organization (“EPO”).

Healthcare.gov defines PPO as, “A type of health plan where you pay less if you use providers in the plan’s network. You can use doctors, hospitals, and providers outside of the network without a referral for an additional cost.”

Healthcare.gov defines EPO as, “A managed care plan where services are covered only if you go to doctors, specialists, or hospitals in the plan’s network (except in an emergency).”

Section 24: Reliance

In the course of premium rate development, the following sources or entities – external to BCBSAL – were referenced or considered in establishing rating assumptions and analysis that support the data in the URRT and resulting final premium rates. All information and analysis considered from the sources or entities were deemed reasonable for their intended purposes.

- Milliman Health Cost Guidelines, Managed Care Rating and Rx Rating Models, health and prescription drug pricing models leased by BCBSAL and adjusted to BCBSAL experience when appropriate.
- Prime Therapeutics, BCBSAL's Pharmacy Benefit Manager (PBM), provided input on drug pricing.
- Centers for Medicare and Medicaid Services (CMS) – EDGE server reports supporting ACA Risk Adjustment and High Cost Risk Pool Charges.
- CMS Risk Adjustment transfer reports were used to help develop risk adjustment transfer and morbidity assumptions in the projection period.
- Alabama Department of Insurance – Individual risk adjustment transfer estimates and 2024 competitor market share data.
- State of Alabama Bulletin Nos. 2013-04 and 2020-17 regarding geographic rating areas and age curve.
- HHS Notice of Benefit and Payment Parameters for Plan Year 2025.
- IRS Notice 2023-70 for PCORI Fee.

Section 25: Actuarial Certification

I, [REDACTED] am an Actuarial Services Manager for Blue Cross and Blue Shield of Alabama. I am a member of the American Academy of Actuaries, and I am qualified to provide this Actuarial Certification which certifies the following:

- (1) The projected Index Rate is
 - (a) in compliance with all applicable State and Federal Statutes and Regulations 45 CFR 156.80 and 147.102,
 - (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, and
 - (d) neither excessive nor deficient,
- (2) The Index Rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 156.80(d)(2) were used to generate plan level rates. A plan level adjustment to QHP plans for CSR funding was considered an allowable modifier under 156.80(d)(2)(i),
- (3) The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area, and
- (4) The Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the Part I Unified Rate Review Template for all plans except those specified in the certification. For plans where an alternate methodology was used to calculate the AV Metal Value, the Actuarial Certification submitted in June 2024 with the corresponding QHP form filing and required by 45 CFR 156.135 provides the necessary documentation and signature.

This memorandum and accompanying articles simultaneously satisfy the filing requirements of the ACA, and the filing requirements of the State of Alabama.

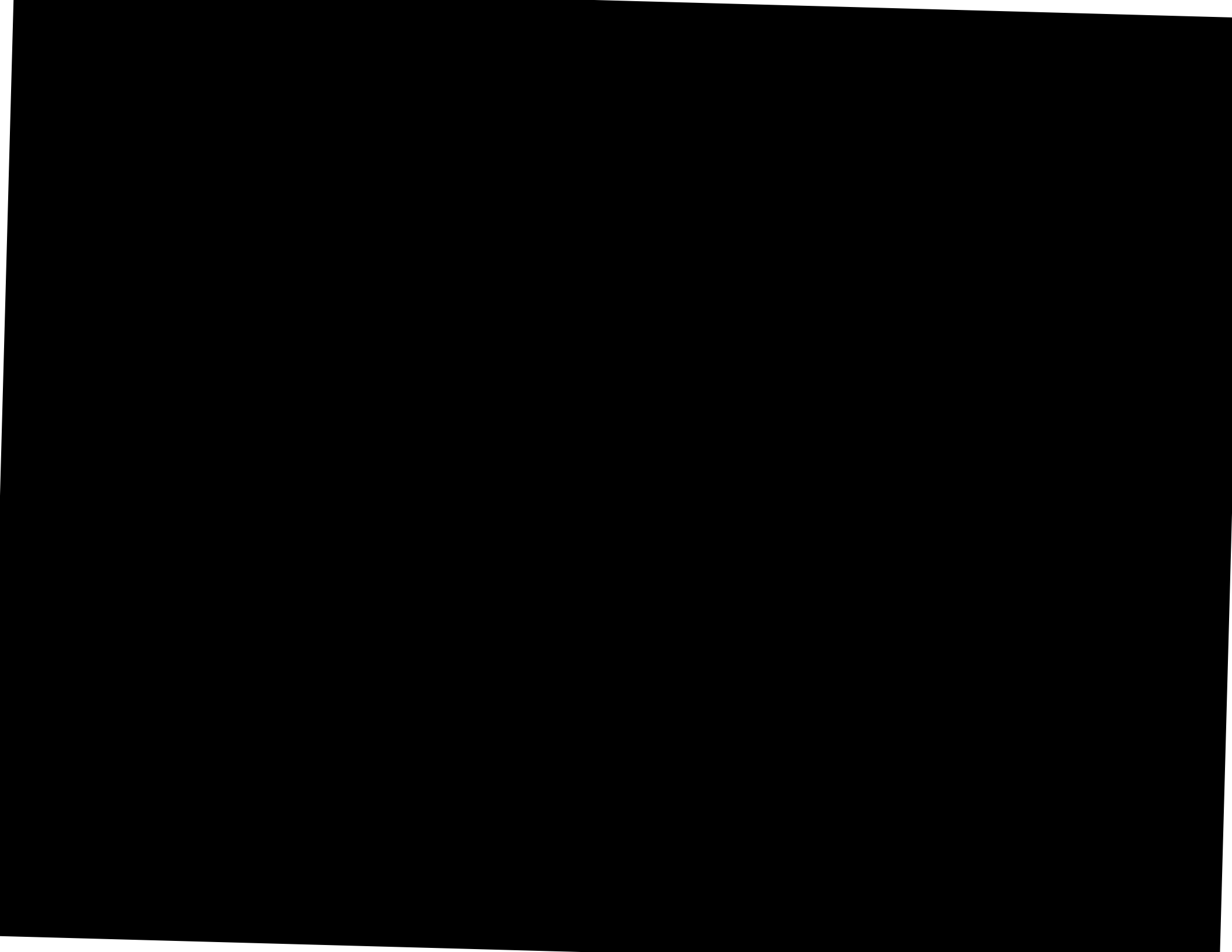
The premium rates supported by this memorandum assume that the federal government will not fund the CSR program in 2025. If certainty of funding of the CSR program is provided, the premium rates will need an adjustment.

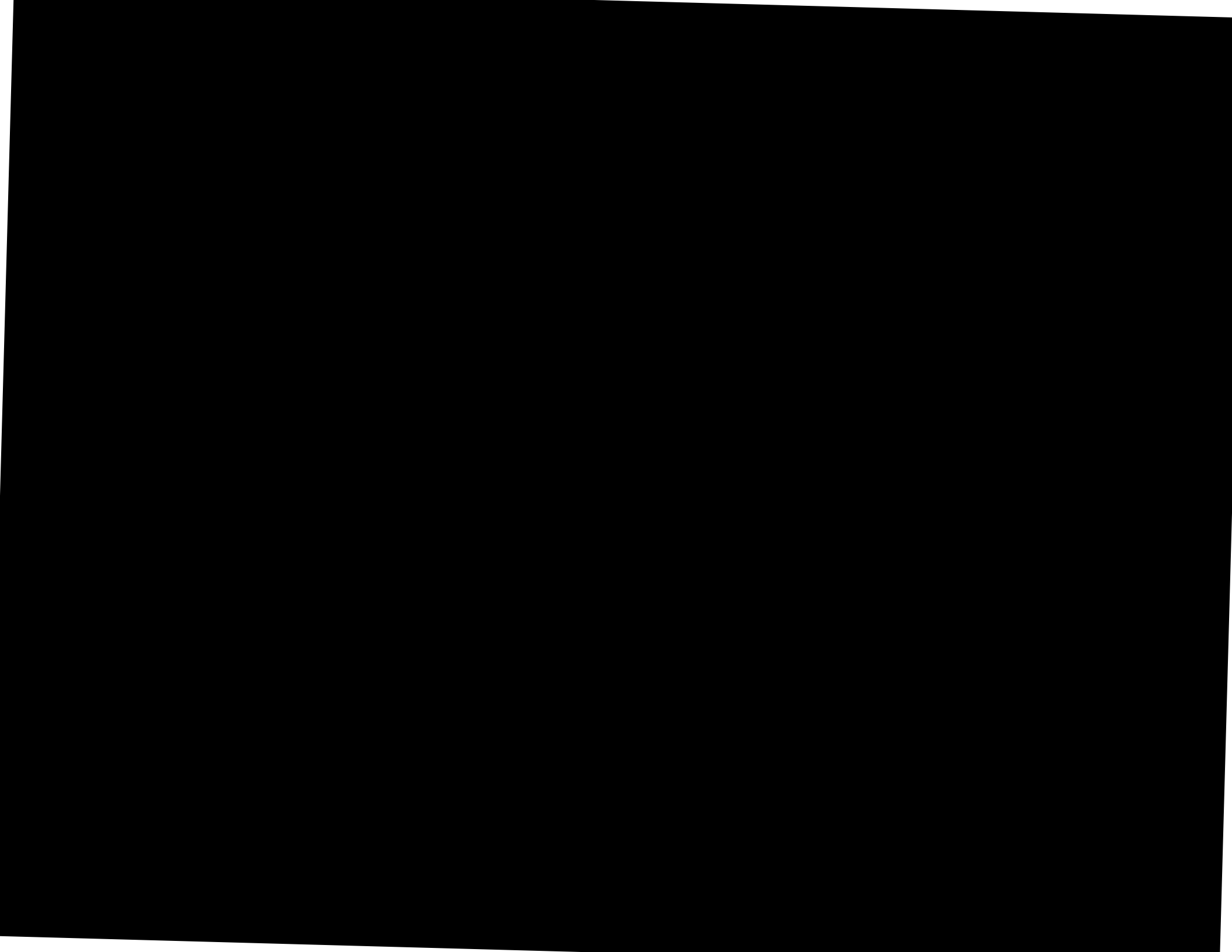
All analyses were either completed by me or were performed under my direction and review.

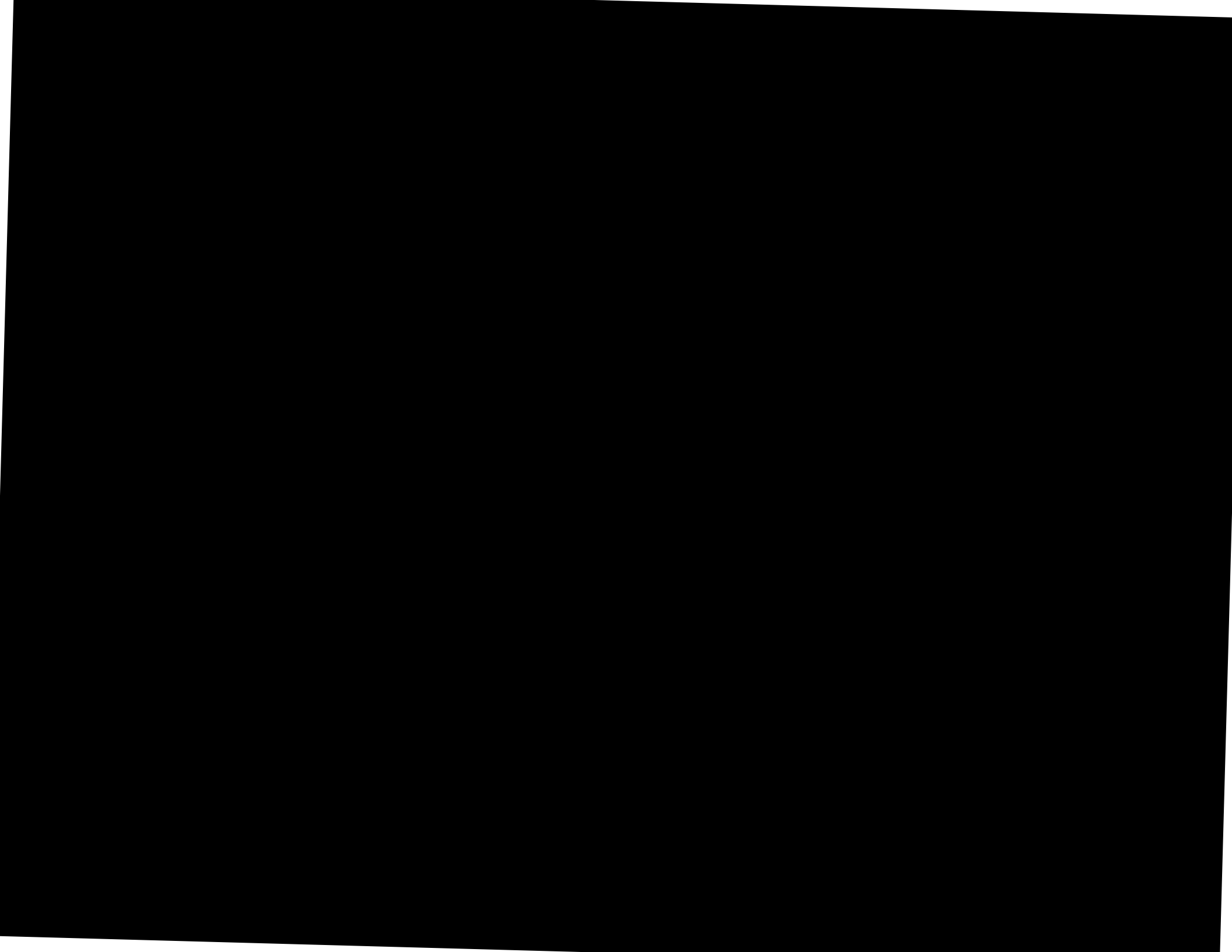
Signed,

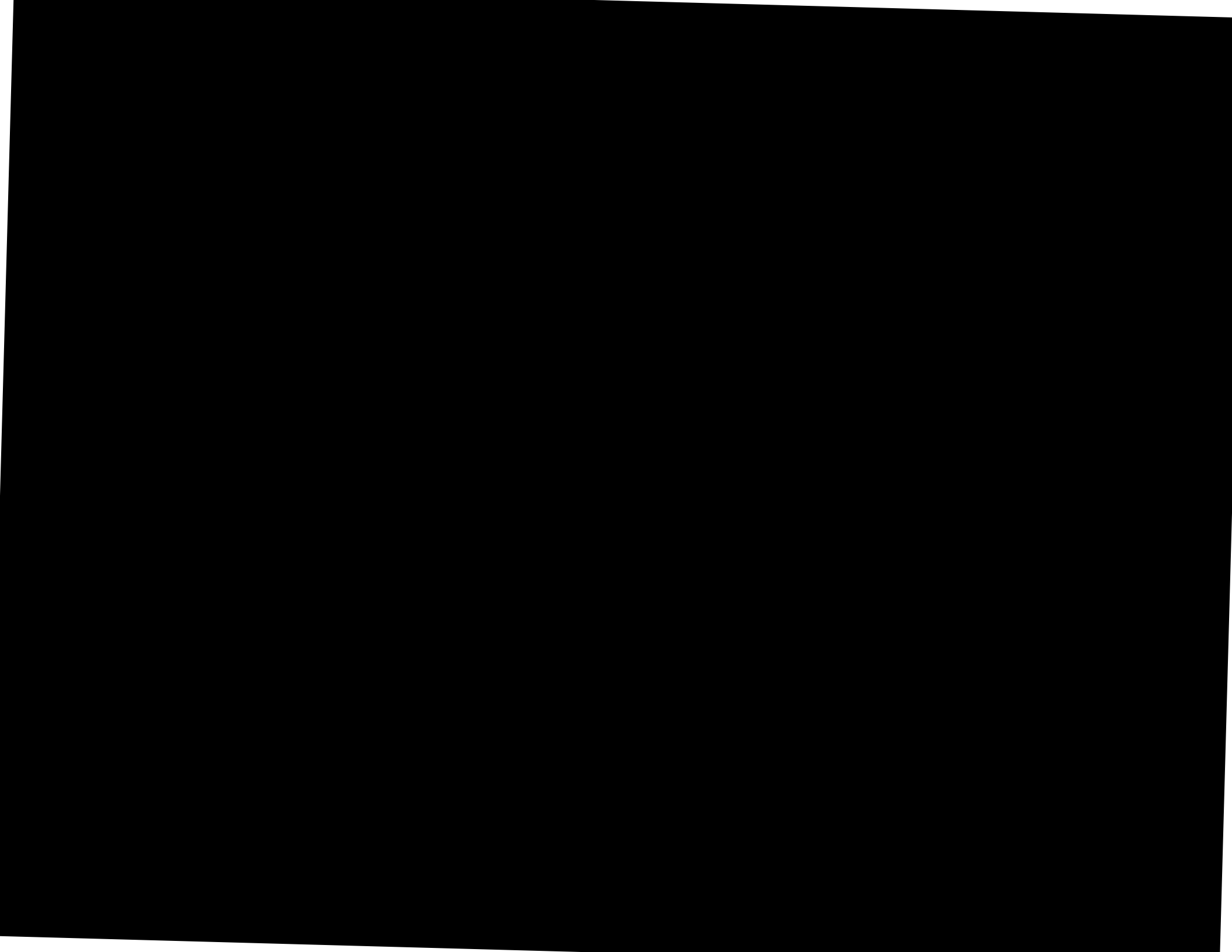
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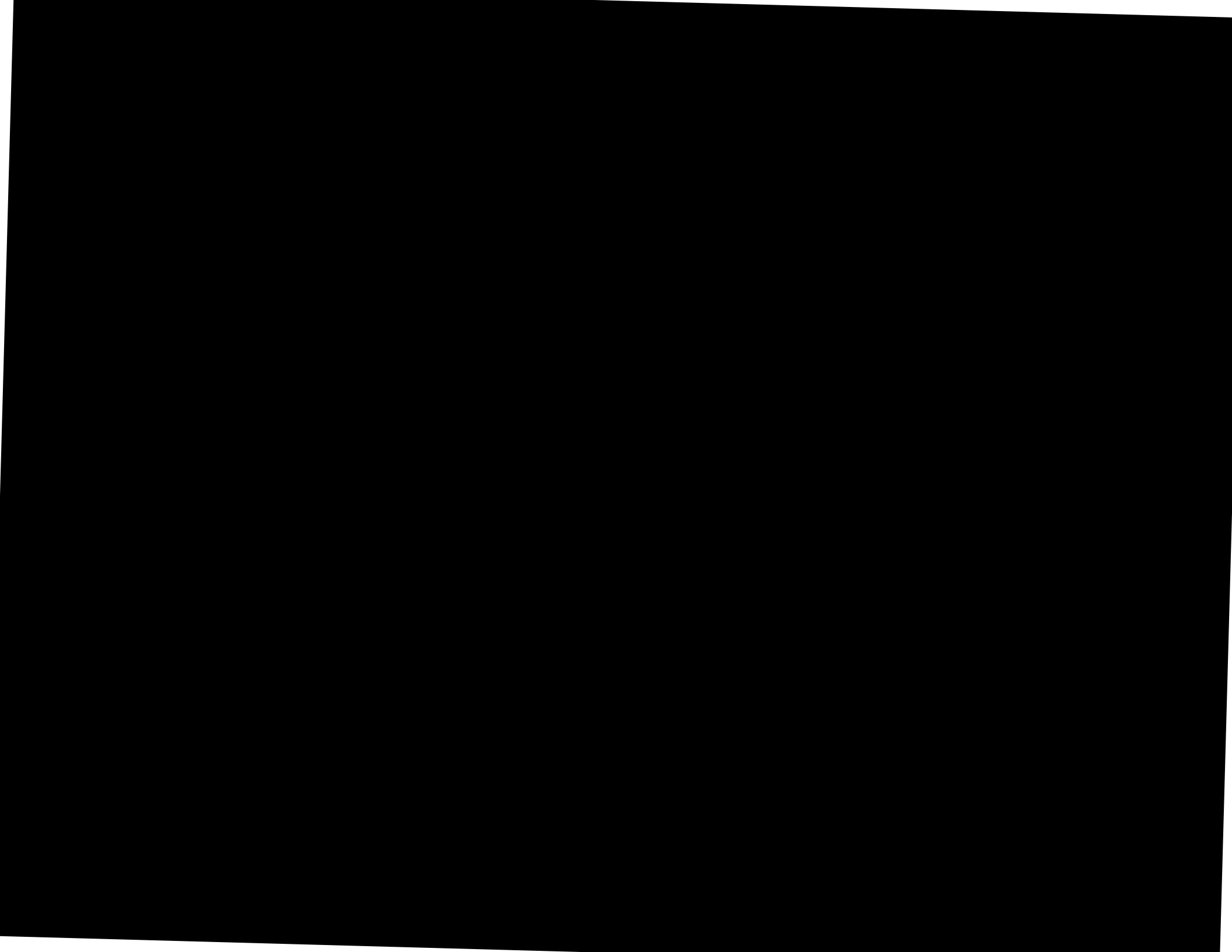
Appendix

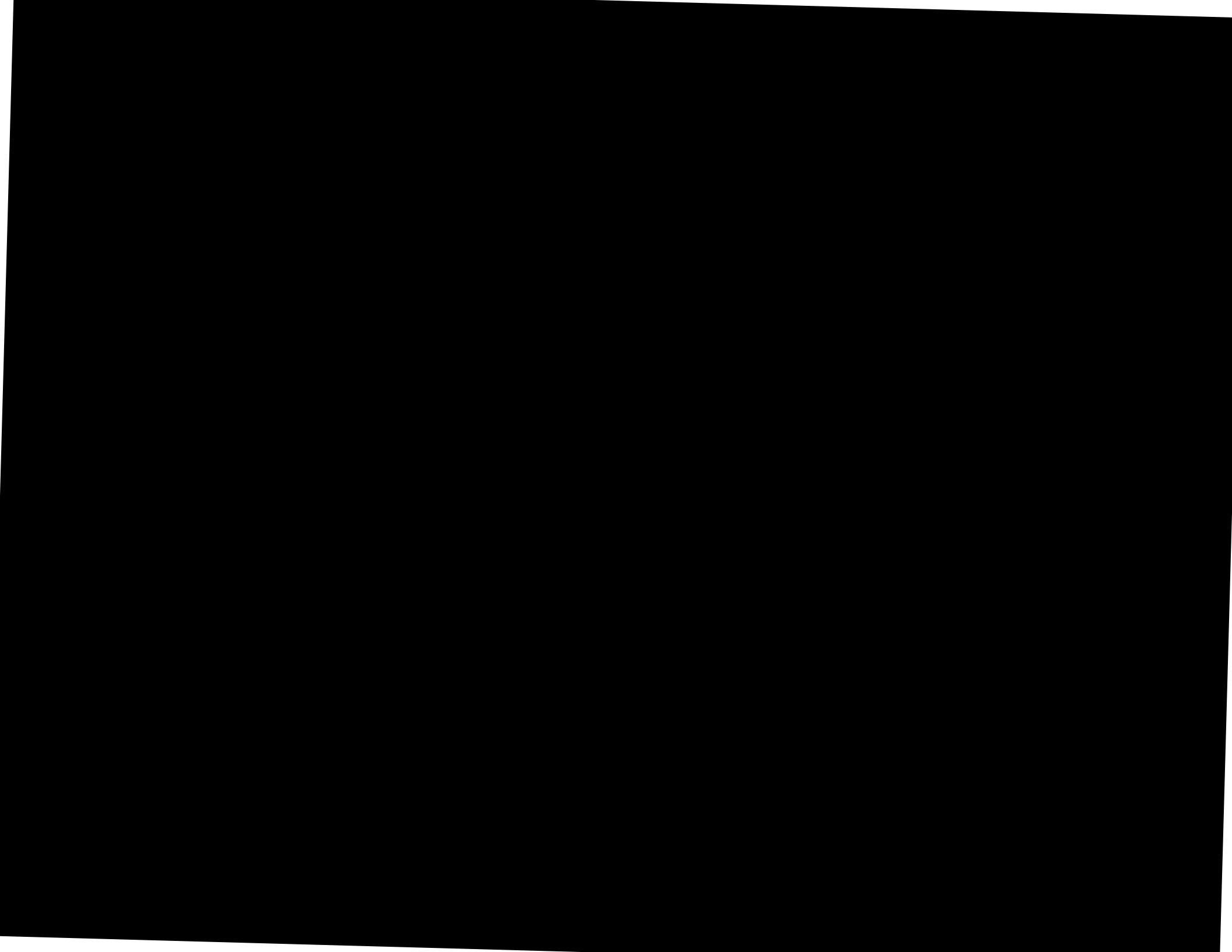


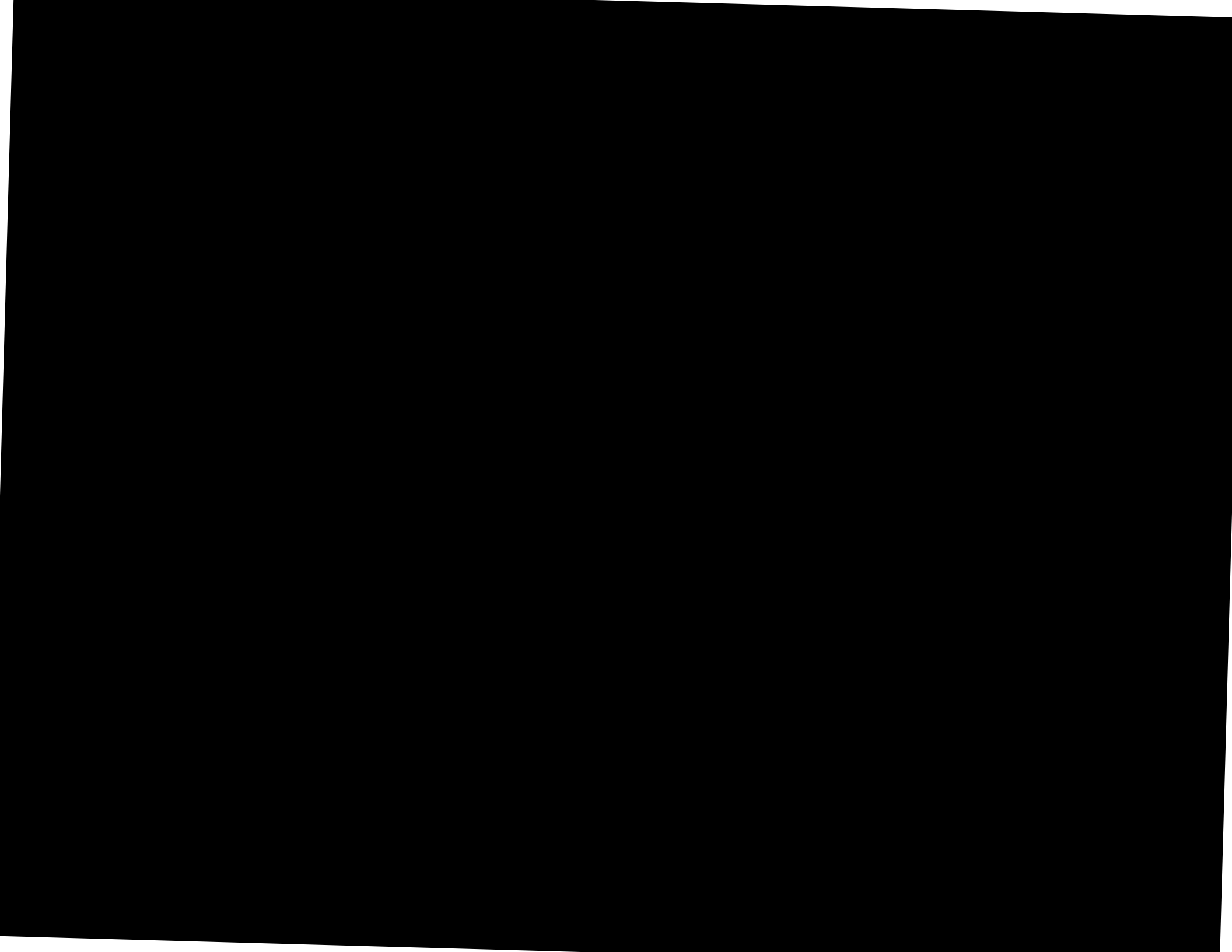


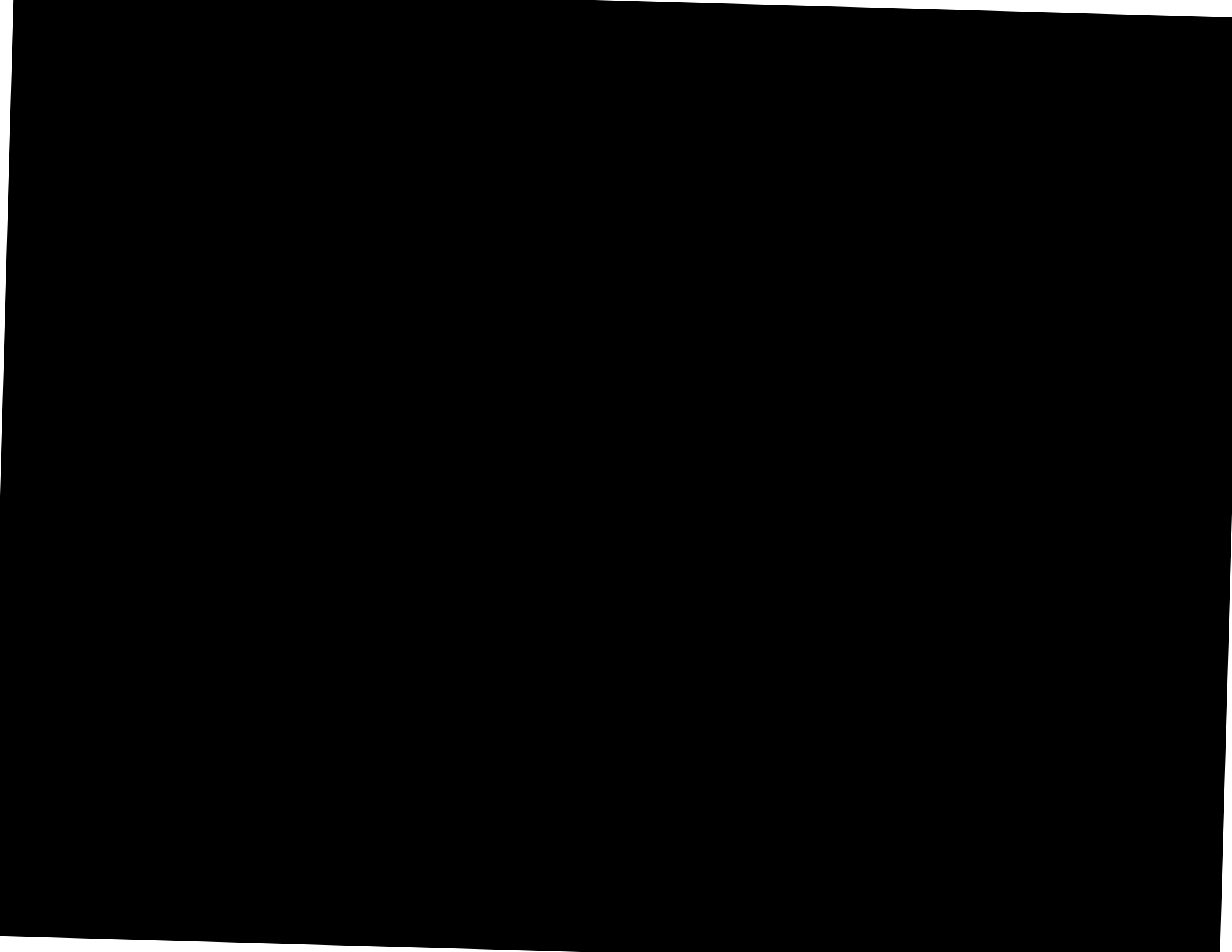


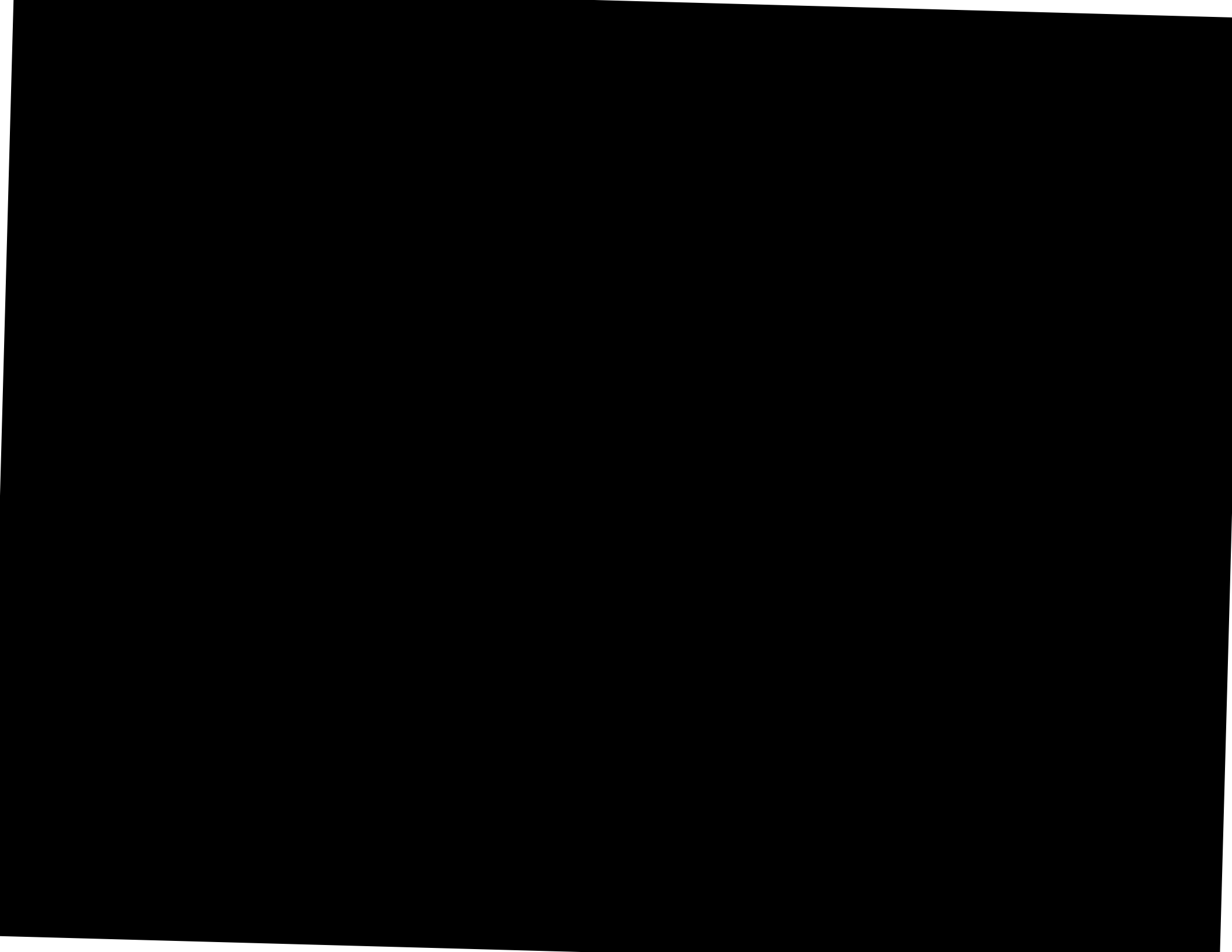


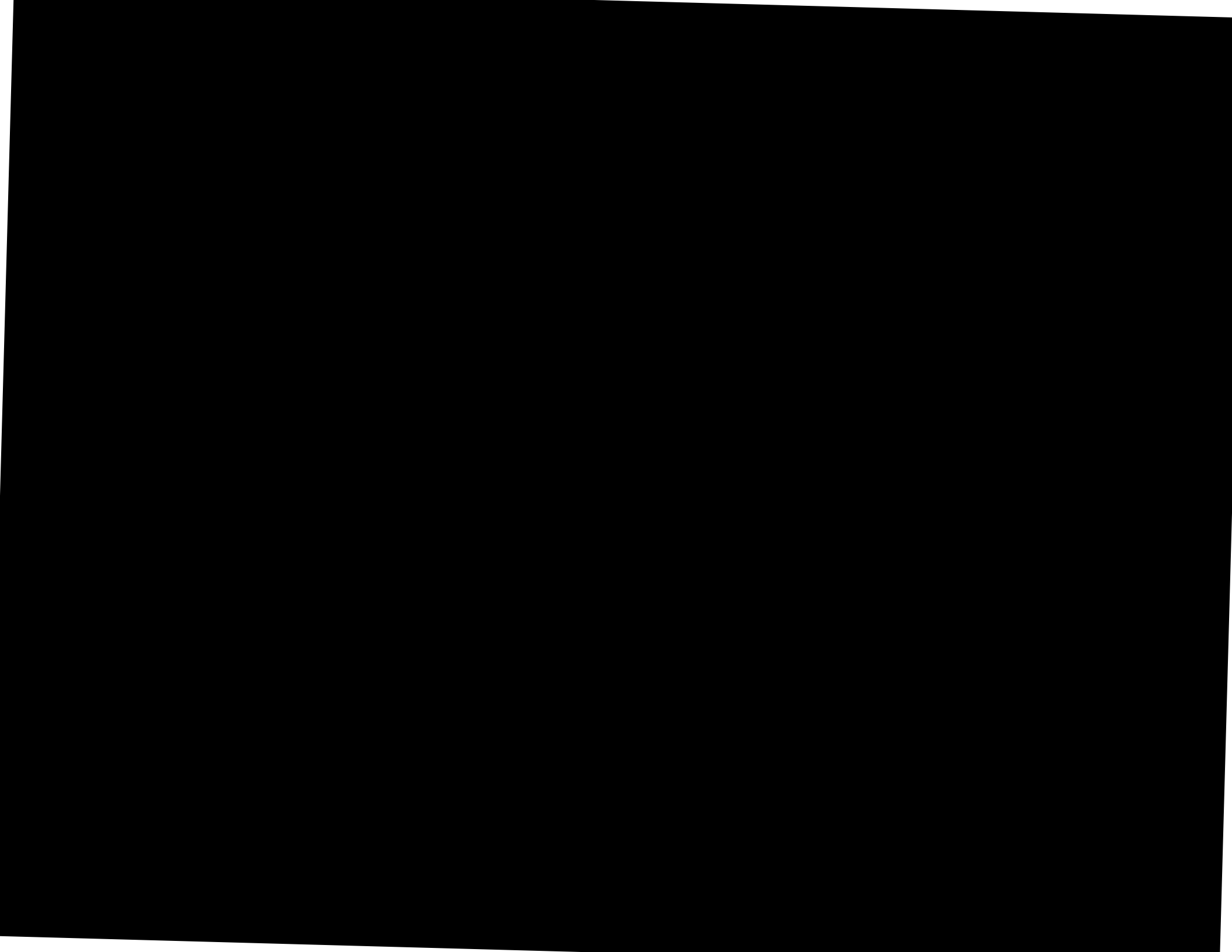


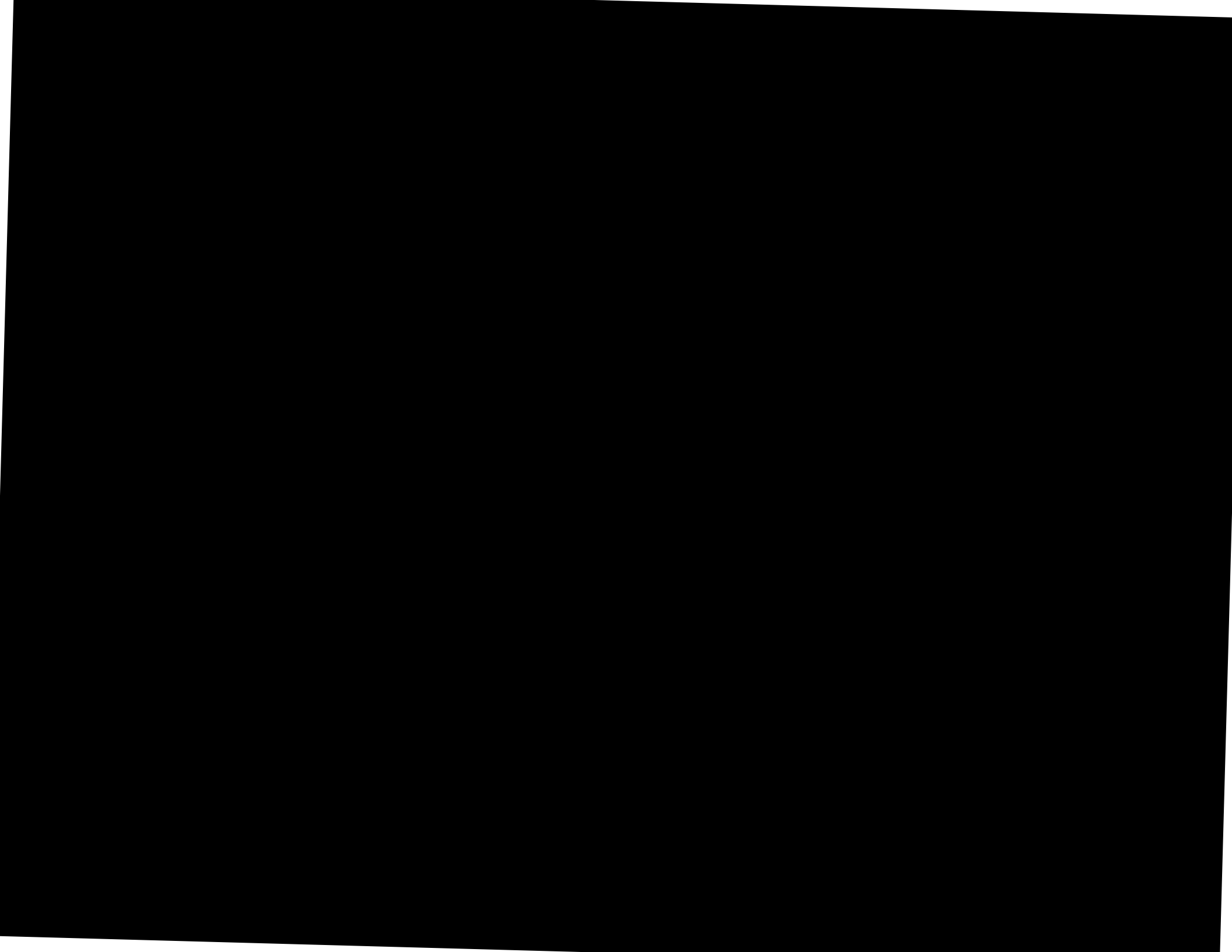


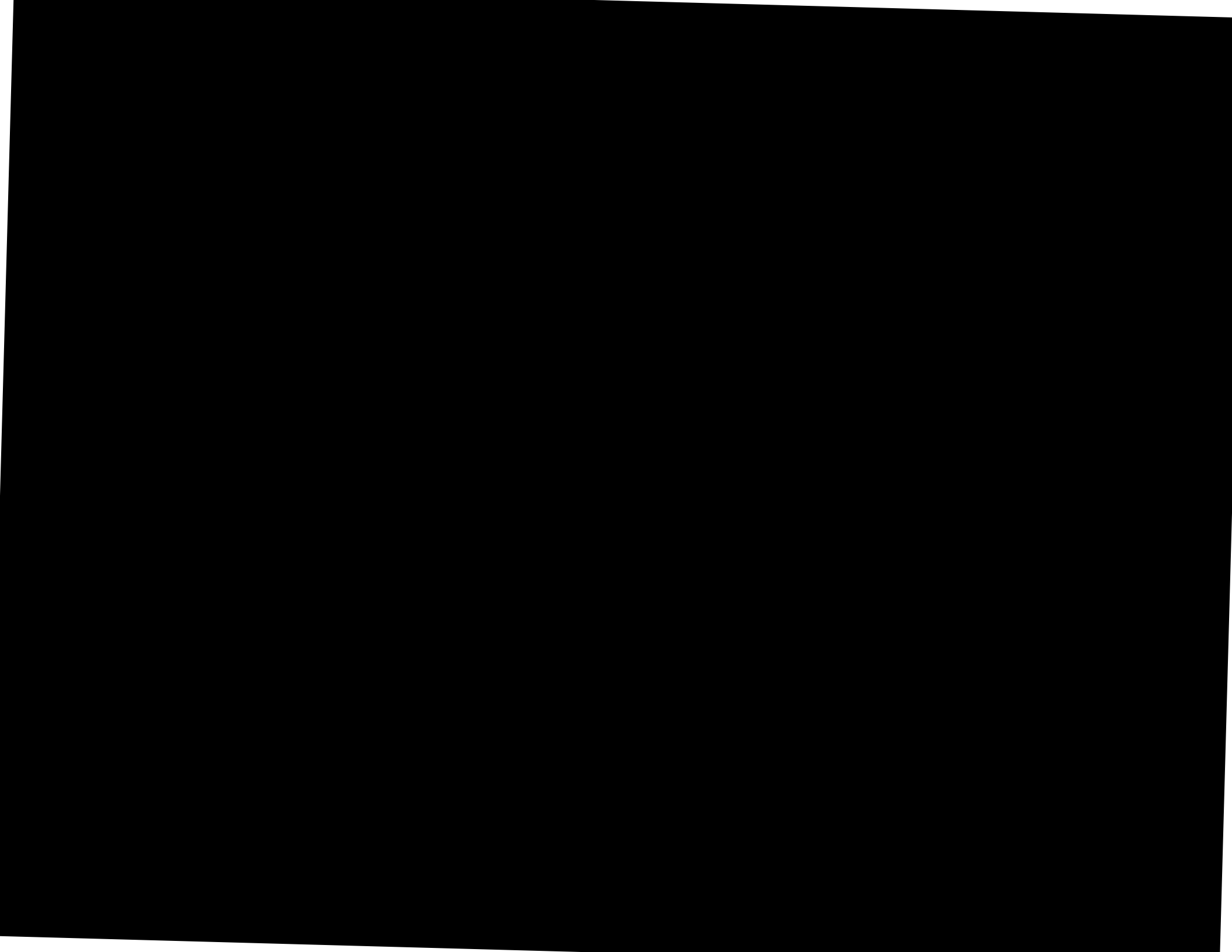


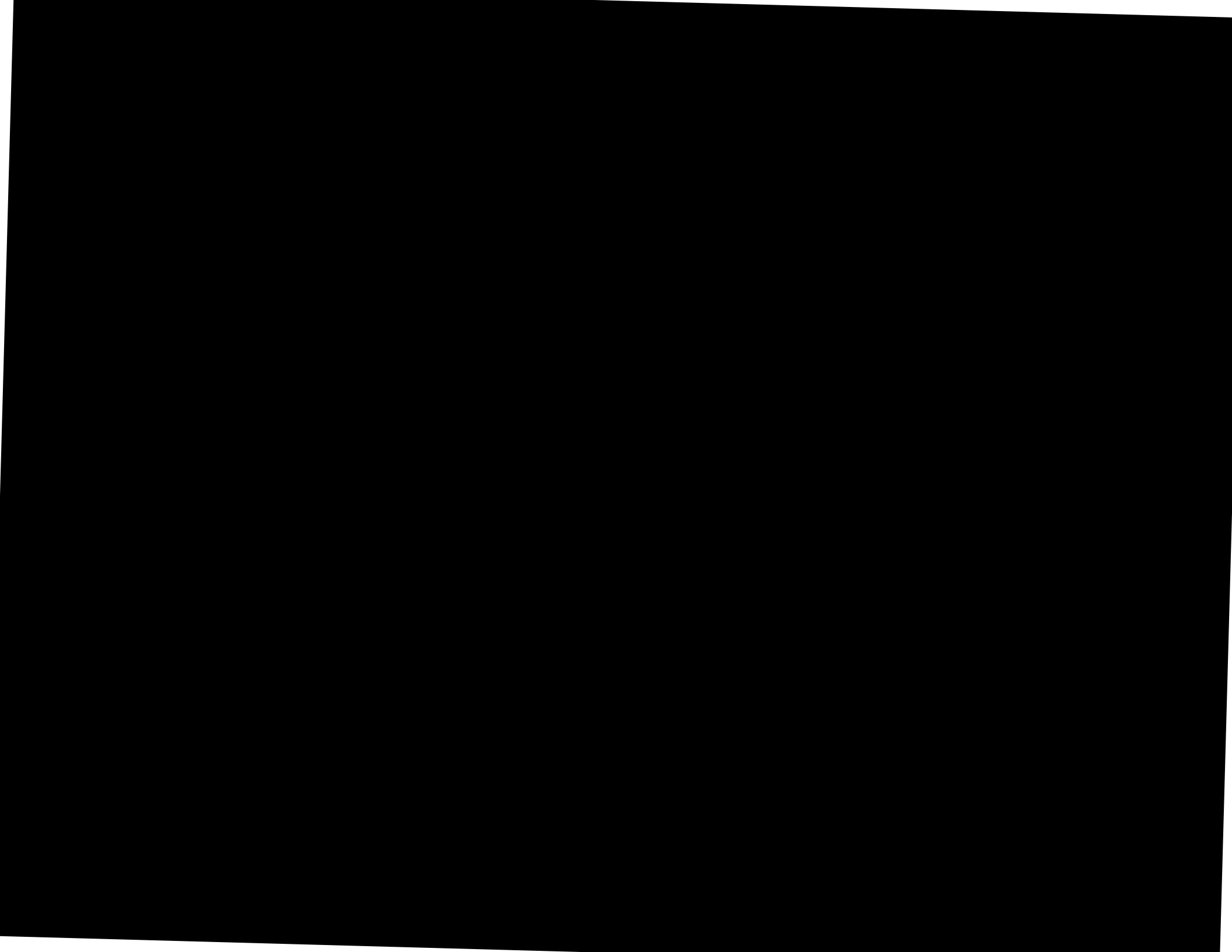


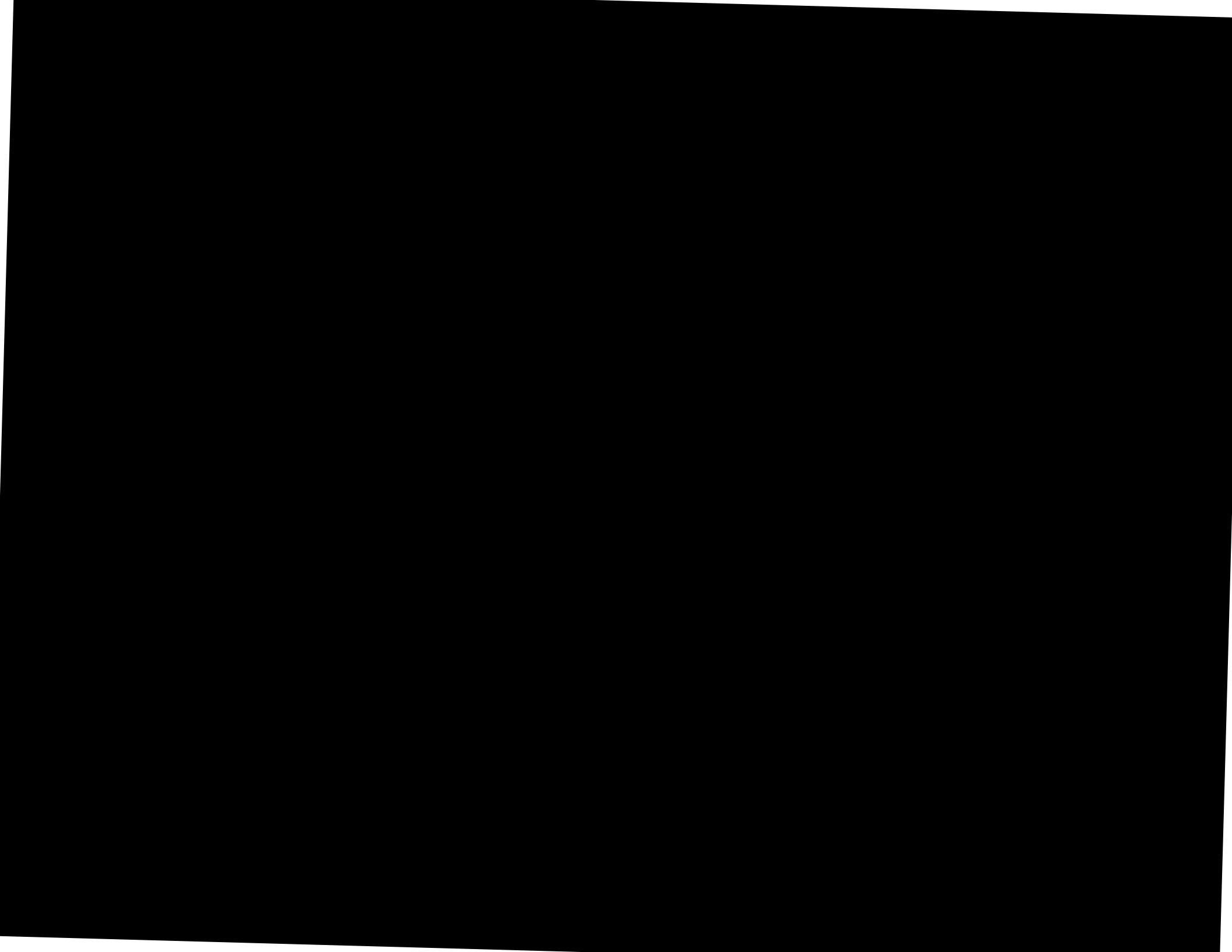














SUPPLEMENT FOR THE YEAR 2023 OF THE Blue Cross and Blue Shield of Alabama

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 – Not for Rebate Purposes – See Cautionary Statement at https://content.naic.org/sites/default/files/inline-files/committees_e_app_blanks_related_shce_cautionary_statement.pdf)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570

BUSINESS IN THE STATE OF Alabama

DURING THE YEAR 2023

NAIC Company Code 55433

	Business Subject to MLR									9	10	11	12	13	14	15						
	Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans		Student Health Plans								Government Business (excluded by statute)	Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (13 + 14)
	1	2	3	4	5	6	7	8														
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group														
1. Premium:																						
1.1 Health premiums earned (From Part 2, Line 1.11).....	2,026,854,799	1,141,356,069	3,342,476,469	0	0	0	0	0	8,074,630	0	393,671,212	1,231,214,765	8,143,647,944	XXX	8,143,647,944							
1.2 Federal high risk pools.....														XXX	0							
1.3 State high risk pools.....														XXX	0							
1.4 Premiums earned including state and federal high risk programs (Lines 1.1 + 1.2 + 1.3).....	2,026,854,799	1,141,356,069	3,342,476,469	0	0	0	0	0	8,074,630	0	393,671,212	1,231,214,765	8,143,647,944	XXX	8,143,647,944							
1.5 Federal taxes and federal assessments.....	83,752,680	9,127,197	18,329,554						(686,366)		3,735,251	(8,037,202)	106,221,114		(7,009,675)							
1.6 State insurance, premium and other taxes (Similar local taxes of \$.....)	30,779,194	8,076,207	27,195,467						124,849		2,525,476	656,646	69,357,839		3,966,511							
1.6a Community Benefit Expenditures (informational only).....															0							
1.7 Regulatory authority licenses and fees.....	2,108	1,557	3,033						11		914	116	7,739		13,877							
1.8 Adjusted premiums earned (Lines 1.4 – 1.5 – 1.6 – 1.7).....	1,912,320,817	1,124,151,108	3,296,948,415	0	0	0	0	0	8,636,136	0	387,409,571	1,238,595,205	7,968,061,252	XXX	7,971,090,539							
1.9 Net assumed less ceded reinsurance premiums earned.....	(683,292)	(555,004)	(1,205,352)	0	0	0	0	0	0	0	(7,472,937)	0	(9,916,585)	XXX	(9,916,585)							
1.10 Other adjustments due to MLR calculations – Premiums.....			75,001,003								(3,706,000)	(4,947,880)	66,347,123	XXX	66,347,123							
1.11 Risk revenue.....														XXX	0							
1.12 Net adjusted premiums earned after reinsurance (Lines 1.8 + 1.9 + 1.10 + 1.11).....	1,911,637,525	1,123,596,104	3,370,744,066	0	0	0	0	0	8,636,136	0	376,230,634	1,233,647,325	8,024,491,790	XXX	8,027,521,077							
2. Claims:																						
2.1 Incurred claims excluding prescription drugs.....	1,233,109,786	833,692,445	2,222,275,149						(55,669,649)		364,558,417	1,011,021,312	5,608,987,460	XXX	5,608,987,460							
2.2 Prescription drugs.....	663,389,907	340,408,551	1,107,345,872						66,812,273		8,172,846	264,433,481	2,450,562,930	XXX	2,450,562,930							
2.3 Pharmaceutical rebates.....	203,538,447	148,804,736	262,387,141						455,318		8,053,833	152,459,180	775,698,655	XXX	775,698,655							
2.4 State stop loss, market stabilization and claim/census based assessments (informational only).....	0	0	0	0	0	0	0	0	0	0	0	1,604,173	1,604,173	XXX	0							
3. Incurred medical incentive pools and bonuses.....	0	0	0	0	0	0	0	0	0	0	0	1,604,173	1,604,173	XXX	1,604,173							
4. Deductible Fraud and Abuse Detection/Recovery Expenses (for MLR use only).....	340,480	408,112	529,464						975		665,253	12,394	1,956,678		2,435,097							
5. Total incurred claims (Lines 2.1 + 2.2 – 2.3 + 3) (From Part 2, Line 2.15).....	1,692,961,246	1,025,296,260	3,067,233,880	0	0	0	0	0	10,687,306	0	364,677,430	1,124,599,786	7,285,455,908	XXX	7,285,455,907							
5.1 Net assumed less ceded reinsurance claims incurred.....	(1,867,045)	(3,060,000)	(1,380,000)	0	0	0	0	0	0	0	(16,195,197)	0	(22,502,242)	XXX	(22,502,242)							
5.2 Other adjustments due to MLR calculations – Claims.....			75,001,003								(1,700,000)	28,587,120	101,888,123	XXX	101,888,123							
5.3 Rebates paid.....											XXX	XXX	0	XXX	0							
5.4 Estimated rebates unpaid prior year.....	0	0	0	0	0	0	0	0	0	0	XXX	XXX	0	XXX	0							
5.5 Estimated rebates unpaid current year.....											XXX	XXX	0	XXX	0							
5.6 Fee for service and co-pay revenue.....											XXX	XXX	0	XXX	0							
5.7 Net incurred claims after reinsurance (Lines 5.0 + 5.1 + 5.2 + 5.3 - 5.4 + 5.5 - 5.6).....	1,691,094,201	1,022,236,260	3,140,854,883	0	0	0	0	0	10,687,306	0	346,782,233	1,153,186,906	7,364,841,789	XXX	7,364,841,788							
6. Improving Health Care Quality Expenses Incurred:																						
6.1 Improve Health Outcomes.....	2,130,094	1,558,657	3,394,272						7,930		1,576,774	6,080,957	14,748,684		11,953,705							
6.2 Activities to prevent hospital readmissions.....	1,288,549	887,406	2,157,955						4,788		990,171	2,287,438	7,616,307		7,850,269							
6.3 Improve patient safety and reduce medical errors.....	572,021	425,104	960,274						2,235		443,942	1,976,016	4,379,592		3,351,423							
6.4 Wellness and health promotion activities.....	552,993	416,157	941,267						2,280		439,121	1,129,408	3,481,226		3,215,704							
6.5 Health Information Technology expenses related to health improvement.....	806,250	608,591	1,171,134						2,822		551,763	1,589,749	4,730,309		4,033,203							
6.6 Total of Defined Expenses Incurred for Improving Health Care Quality (Lines 6.1 + 6.2 + 6.3 + 6.4 + 6.5).....	5,349,907	3,895,915	8,624,902	0	0	0	0	0	20,055	0	4,001,771	13,063,568	34,956,118		30,404,304							
7. Preliminary Medical Loss Ratio: MLR (Lines 4 + 5.0 + 6.6 – Footnote 2.0) / Line 1.8.....	0.888	0.916	0.933	0.000	0.000	0.000	0.000	0.000	1.240	XXX	XXX	0.919	XXX	XXX	XXX							
8. Claims Adjustment Expenses:																						
8.1 Cost containment expenses not included in quality of care expenses in Line 6.6.....	13,561,045	17,869,520	44,341,036						70,405		8,239,934	28,088,722	112,170,662		121,929,938							
8.2 All other claims adjustment expenses.....	11,972,771	9,145,727	28,043,107						83,644		12,982,024	15,671,589	77,898,862		98,133,686							
8.3 Total claims adjustment expenses (Lines 8.1 + 8.2).....	25,533,816	27,015,247	72,384,143	0	0	0	0	0	154,049	0	21,221,958	43,760,311	190,069,524		220,063,624							
9. Claims Adjustment Expense Ratio (Line 8.3 / Line 1.8).....	0.013	0.024	0.022	0.000	0.000	0.000	0.000	0.000	0.018	0.000	0.055	0.035	XXX	XXX	XXX							

216-1AL

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 1

(To Be Filed by April 1 – Not for Rebate Purposes– See Cautionary Statement at https://content.naic.org/sites/default/files/inline-files/committees_e_app_blanks_related_shce_cautionary_statement.pdf)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama 2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570

BUSINESS IN THE STATE OF Alabama

DURING THE YEAR 2023

NAIC Company Code 55433

	Business Subject to MLR									9	10	11	12	13	14	15					
	Comprehensive Health Coverage			Mini-med Plans		Expatriate Plans		Student Health Plans	Government Business (excluded by statute)								Other Health Business	Medicare Advantage Part C and Medicare Part D Stand-Alone Subject to ACA	Subtotal (Cols 1 thru 12)	Uninsured Plans	Total (13 + 14)
	1	2	3	4	5	6	7														
	Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group													
10. General and Administrative (G&A) Expenses:																					
10.1 Direct sales salaries and benefits.....	1,648,925	2,495,868	5,076,365						3,512		817,177	1,609,529	11,651,376	9,739,771	21,391,147						
10.2 Agents and brokers fees and commissions.....	1,863,239										1,983,079	6,759,409	10,605,727	10,605,727	10,605,727						
10.3 Other taxes (excluding taxes on Lines 1.5 through 1.7 and Line 14 below).....													0	0	0						
10.4 Other general and administrative expenses.....	55,158,329	32,919,628	82,049,692						407,764		49,619,779	49,828,254	269,983,446	263,143,503	533,126,949						
10.4a Community Benefit Expenditures (informational only).....													0	0	0						
10.5 Total general and administrative (Lines 10.1 + 10.2 + 10.3 + 10.4)	58,670,493	35,415,496	87,126,057	0	0	0	0	0	411,276		52,420,035	58,197,192	292,240,549	272,883,274	565,123,823						
11. Underwriting Gain/(Loss) (Lines 1.12 – 5.7 – 6.6 – 8.3 – 10.5)	130,989,108	35,033,186	61,754,081	0	0	0	0	0	(2,636,550)		(48,195,363)	(34,560,652)	142,383,810	XXX	(377,938,104)						
12. Income from Fees of Uninsured Plans	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	476,150,031	476,150,031						
13. Net Investment and Other Gain/(Loss)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	117,060,070	XXX	117,060,070						
14. Federal Income Taxes (excluding taxes on Line 1.5 above)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(115,848,196)	XXX	(115,848,196)						
15. Net Gain or (Loss) (Lines 11 + 12 + 13 – 14)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	375,292,076	XXX	331,120,193						
16. ICD-10 Implementation Expenses (informational only; already included in general expenses and Line 10.4)													0		0						
16a ICD-10 Implementation Expenses (informational only; already included in Line 10.4)													0		0						
OTHER INDICATORS:																					
1. Number of Certificates/Policies	172,029	102,289	294,578						7,509		454,329	132,997	1,163,731	826,662	1,990,393						
2. Number of Covered Lives	226,551	184,826	549,875						7,793		721,461	132,997	1,823,503	1,584,339	3,407,842						
3. Number of Groups	XXX	16,681	2,217	XXX									18,898	408	19,306						
4. Member Months	2,733,092	2,228,500	6,561,911						60,735		8,647,366	1,592,643	21,824,247	19,066,759	40,891,006						

Is run-off business reported in Columns 1 through 9 or 12? Yes [] No [X]

If yes, show the amount of premiums and claims included: Premiums \$ _____ Claims \$ _____

216-1.AL

AFFORDABLE CARE ACT (ACA) RECEIPTS, PAYMENTS, RECEIVABLES AND PAYABLES				
	Current Year		Prior Year	
	Comprehensive Health Coverage		Comprehensive Health Coverage	
	1	2	3	4
	Individual Plans	Small Group Employer Plans	Individual Plans	Small Group Employer Plans
ACA Receivables and Payables				
1. Permanent ACA Risk Adjustment Program				
1.0 Premium adjustments receivable/(payable)	52,300,000	(2,100,000)	20,900,000	(3,500,000)
2. Transitional ACA Reinsurance Program				
2.0 Total amounts recoverable for claims (paid & unpaid)		XXX	0	XXX
3. Temporary ACA Risk Corridors Program				
3.1 Accrued retrospective premium.....			0	0
3.2 Reserve for rate credits or policy experience refunds			0	0
ACA Receipts and Payments				
4. Permanent ACA Risk Adjustment Program				
4.0 Premium adjustments receipts/(payments)	13,839,217	(1,714,680)	6,013,882	(2,484,030)
5. Transitional ACA Reinsurance Program				
5.0 Amounts received for claims		XXX	0	XXX
6. Temporary ACA Risk Corridors Program				
6.1 Retrospective premium received.....			0	0
6.2 Rate credits or policy experience refunds paid			0	0

SUPPLEMENTAL HEALTH CARE EXHIBIT - PART 2

(To Be Filed by April 1 – Not for Rebate Purposes)

REPORT FOR: 1. CORPORATION Blue Cross and Blue Shield of Alabama

2. LOCATION 450 Riverchase Parkway East

NAIC Group Code 0570

BUSINESS IN THE STATE OF Alabama

DURING THE YEAR 2023

NAIC Company Code 55433

		Business Subject to MLR								9	10	11	12	13
		Comprehensive Health Coverage			Mini-Med Plans			Expatriate Plans						
		1	2	3	4	5	6	7	8					
		Individual	Small Group Employer	Large Group Employer	Individual	Small Group Employer	Large Group Employer	Small Group	Large Group					
1.	Health Premiums Earned:													
	1.1 Direct premiums written	2,026,821,320	1,141,292,346	3,345,320,821	0	0	0	0	0	5,644,874	0	394,438,999	1,231,212,926	8,144,731,286
	1.2 Unearned premium prior year	(772,520)	1,302,450	(3,942,967)	0	0	0	0	0	2,979,784	0	576,512	(51,534)	91,725
	1.3 Unearned premium current year	(805,999)	1,238,727	(1,098,615)	0	0	0	0	0	550,028	0	1,344,299	(53,373)	1,175,067
	1.4 Change in unearned premium (Lines 1.2 – 1.3)	33,479	63,723	(2,844,352)	0	0	0	0	0	2,429,756	0	(767,787)	1,839	(1,083,342)
	1.5 Paid rate credits	0	0	0	0	0	0	0	0	0	0	0	0	0
	1.6 Reserve for rate credits current year	0	0	17,500,929	0	0	0	0	0	0	0	1,817,208	0	19,318,137
	1.7 Reserve for rate credits prior year	0	0	18,185,336	0	0	0	0	0	0	0	1,926,939	0	20,112,275
	1.8 Change in reserve for rate credits (Lines 1.6 – 1.7)	0	0	(684,407)	0	0	0	0	0	0	0	(109,731)	0	(794,138)
	1.9 Premium balances written off	0	0	0	0	0	0	0	0	0	0	0	0	0
	1.10 Group conversion charges	0	0	0	0	0	0	0	0	0	0	0	0	0
	1.11 Total direct premiums earned (Lines 1.1 + 1.4 - 1.9 + 1.10)	2,026,854,799	1,141,356,069	3,342,476,469	0	0	0	0	0	8,074,630	0	393,671,212	1,231,214,765	8,143,647,944
	1.12 Assumed premiums earned from non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
	1.13 Net assumed less ceded premiums earned from affiliates	(355,312)	(288,602)	(626,783)	0	0	0	0	0	0	0	(7,472,937)	0	(8,743,634)
	1.14 Ceded premiums earned to non-affiliates	327,980	266,402	578,569	0	0	0	0	0	0	0	0	0	1,172,951
	1.15 Other adjustments due to MLR calculation – Premiums	0	0	75,001,003	0	0	0	0	0	0	0	(3,706,000)	(4,947,880)	66,347,123
	1.16 Net premiums earned (Lines 1.11 - 1.5 - 1.8 + 1.12 + 1.13 - 1.14 + 1.15)	2,026,171,507	1,140,801,065	3,416,956,527	0	0	0	0	0	8,074,630	0	382,602,006	1,226,266,885	8,200,872,620
2.	Direct Claims Incurred:													
	2.1 Paid claims during the year	1,719,296,704	1,038,085,024	3,137,154,924	0	0	0	0	0	8,497,362	0	348,458,624	1,159,255,073	7,410,747,711
	2.2 Direct claim liability current year	145,759,121	98,076,127	378,536,106	0	0	0	0	0	2,885,000	0	34,272,496	123,590,090	783,118,940
	2.3 Direct claim liability prior year	144,976,951	97,065,415	344,836,512	0	0	0	0	0	255,000	0	35,312,620	97,286,422	719,732,920
	2.4 Direct claim reserves current year	0	0	0	0	0	0	0	0	0	0	13,686,853	0	13,686,853
	2.5 Direct claim reserves prior year	0	0	0	0	0	0	0	0	0	0	10,237,000	0	10,237,000
	2.6 Direct contract reserves current year	0	0	154,074,509	0	0	0	0	0	0	0	259,347,286	3,178,507	416,600,302
	2.7 Direct contract reserves prior year	0	0	229,075,512	0	0	0	0	0	0	0	246,509,341	(1,769,373)	473,815,480
	2.8 Paid rate credits	0	0	0	0	0	0	0	0	0	0	0	0	0
	2.9 Reserve for rate credits current year	0	0	17,500,929	0	0	0	0	0	0	0	1,817,208	0	19,318,137
	2.10 Reserve for rate credits prior year	0	0	18,185,336	0	0	0	0	0	0	0	1,926,939	0	20,112,275
	2.11 Incurred medical incentive pools and bonuses (Lines 2.11a + 2.11b – 2.11c)	0	0	0	0	0	0	0	0	0	0	0	1,604,173	1,604,173
	2.11a Paid medical incentive pools and bonuses current year	0	0	0	0	0	0	0	0	0	0	0	2,170,173	2,170,173
	2.11b Accrued medical incentive pools and bonuses current year	0	0	0	0	0	0	0	0	0	0	0	1,778,000	1,778,000
	2.11c Accrued medical incentive pools and bonuses prior year	0	0	0	0	0	0	0	0	0	0	0	2,344,000	2,344,000
	2.12 Net healthcare receivables (Lines 2.12a – 2.12b)	27,117,628	13,799,475	27,935,228	0	0	0	0	0	440,057	0	(1,080,862)	67,511,008	135,722,534
	2.12a Healthcare receivables current year	108,736,189	70,604,557	108,796,821	0	0	0	0	0	487,344	0	4,461,195	238,485,741	531,571,847
	2.12b Healthcare receivables prior year	81,618,561	56,805,082	80,861,593	0	0	0	0	0	47,287	0	5,542,057	170,974,733	395,849,313
	2.13 Group conversion charge	0	0	0	0	0	0	0	0	0	0	0	0	0
	2.14 Multi-option coverage blended rate adjustment	0	0	0	0	0	0	0	0	0	0	0	0	0
	2.15 Total incurred claims (Lines 2.1 + 2.2 – 2.3 + 2.4 – 2.5 + 2.6 – 2.7 + 2.8 + 2.9 - 2.10 + 2.11 - 2.12 + 2.13 + 2.14)	1,692,961,246	1,025,296,261	3,067,233,880	0	0	0	0	0	10,687,305	0	364,677,429	1,124,599,786	7,285,455,907
	2.16 Assumed incurred claims from non-affiliates	0	0	0	0	0	0	0	0	0	0	0	0	0
	2.17 Net assumed less ceded incurred claims from affiliates	(1,867,045)	(2,210,000)	(1,380,000)	0	0	0	0	0	0	0	(16,195,197)	0	(21,652,242)
	2.18 Ceded incurred claims to non-affiliates	0	850,000	0	0	0	0	0	0	0	0	0	0	850,000
	2.19 Other adjustments due to MLR calculation – Claims	0	0	75,001,003	0	0	0	0	0	0	0	(1,700,000)	28,587,120	101,888,123
	2.20 Net Incurred Claims (Lines 2.15 - 2.8 - 2.9 + 2.10 + 2.16 + 2.17 - 2.18 + 2.19)	1,691,094,201	1,022,236,261	3,141,539,290	0	0	0	0	0	10,687,305	0	346,891,963	1,153,186,906	7,365,635,926
3.	Fraud and Abuse Recoveries that Reduced PAID Claims in Line 2.1 above (informational only)	340,480	408,112	529,464	0	0	0	0	0	975	0	665,253	12,394	1,956,678

(a) Column 13, Line 1.1 includes direct written premium of \$ 156,583,358 for stand-alone dental and \$ 9,042,600 for stand-alone vision policies.

216-2.AL



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BULLETIN NO. 2020-17

TO: All Insurers Writing Health Insurance in Alabama

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: September 01, 2020

RE: Age Curve for the Individual and Small Group Health Insurance Market

EFFECTIVE: Immediate

In the Annual Notice of Benefit and Payment Parameters for 2018 and 45 CFR 147.102(d), the U.S. Department of Health and Human Services defined uniform age bands for rating purposes under section 2701 of the Public Health Service Act. The notice and regulation also allowed States to establish a uniform age rating curve for the individual market, small group market or both markets. The selected age rating curve would specify the relative distribution of rates across all age bands.

For all plans until further notice, Alabama establishes the following for age rating purposes:

- Individual Market shall use Table 1 attached to this Bulletin
- Small Group Market shall use Table 2 attached to this Bulletin.

For questions, please contact Steve Ostlund, Life and Health Actuary, at steven.ostlund@insurance.alabama.gov or (334) 240-4424.

JLR/WR/bc

Attachment

Table 1

2020 Age Curve for Individual Market			
Age	Ratio	Age	Ratio
0	0.635	33	1.198
1	0.635	34	1.214
2	0.635	35	1.222
3	0.635	36	1.230
4	0.635	37	1.238
5	0.635	38	1.246
6	0.635	39	1.262
7	0.635	40	1.278
8	0.635	41	1.302
9	0.635	42	1.325
10	0.635	43	1.357
11	0.635	44	1.397
12	0.635	45	1.444
13	0.635	46	1.500
14	0.635	47	1.563
15	0.635	48	1.635
16	0.635	49	1.706
17	0.635	50	1.786
18	0.635	51	1.865
19	0.635	52	1.952
20	0.635	53	2.040
21	1.000	54	2.135
22	1.000	55	2.230
23	1.000	56	2.333
24	1.000	57	2.437
25	1.004	58	2.548
26	1.024	59	2.603
27	1.048	60	2.714
28	1.087	61	2.810
29	1.119	62	2.873
30	1.135	63	2.952
31	1.159	64 and Older	3.000
32	1.183		

Table 2

2020 Age Curve for Small Group Market			
Age	Ratio	Age	Ratio
0	0.765	33	1.198
1	0.765	34	1.214
2	0.765	35	1.222
3	0.765	36	1.230
4	0.765	37	1.238
5	0.765	38	1.246
6	0.765	39	1.262
7	0.765	40	1.278
8	0.765	41	1.302
9	0.765	42	1.325
10	0.765	43	1.357
11	0.765	44	1.397
12	0.765	45	1.444
13	0.765	46	1.500
14	0.765	47	1.563
15	0.833	48	1.635
16	0.859	49	1.706
17	0.885	50	1.786
18	0.913	51	1.865
19	0.941	52	1.952
20	0.970	53	2.040
21	1.000	54	2.135
22	1.000	55	2.230
23	1.000	56	2.333
24	1.000	57	2.437
25	1.004	58	2.548
26	1.024	59	2.603
27	1.048	60	2.714
28	1.087	61	2.810
29	1.119	62	2.873
30	1.135	63	2.952
31	1.159	64 and Older	3.000
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BULLETIN NO. 2013-04

TO: Insurers writing health insurance in Alabama

FROM: Jim L. Ridling *JLR*
Commissioner of Insurance

DATE: April 2, 2013

RE: Federal premium rate reforms – rating areas

EFFECTIVE: January 1, 2014

Federal premium rate reform requirements regarding age, tobacco use, and geographic rating areas in the individual and small group markets apply in policy or plan years beginning on or after January 1, 2014. 45 C.F.R. § 147.102 (published February 27, 2013).

Health insurance issuers offering individual and small group coverage in Alabama are advised that the rating area "default" referenced in 45 C.F.R. § 147.102(b)(2) applies in Alabama. There will be 13 rating areas in Alabama consisting of the state's 12 metropolitan statistical areas and one rating area comprising all non-metropolitan statistical areas. The appendix lists the rating areas by number and county name.

JLR/JFM/bc

Attachment

Appendix A

Alabama Geographic Rating Areas (Small and Individual Markets)

Rating Area ID (for federal systems)	County Name	3 Digit Zip Code (if applicable)
Rating Area 1	Calhoun	
Rating Area 2	Lee	
Rating Area 3	Bibb	
Rating Area 3	Blount	
Rating Area 3	Chilton	
Rating Area 3	Jefferson	
Rating Area 3	St. Clair	
Rating Area 3	Shelby	
Rating Area 3	Walker	
Rating Area 4	Russell	
Rating Area 5	Lawrence	
Rating Area 5	Morgan	
Rating Area 6	Geneva	
Rating Area 6	Henry	
Rating Area 6	Houston	
Rating Area 7	Colbert	
Rating Area 7	Lauderdale	
Rating Area 8	Etowah	
Rating Area 9	Limestone	
Rating Area 9	Madison	
Rating Area 10	Mobile	
Rating Area 11	Autauga	
Rating Area 11	Elmore	
Rating Area 11	Lowndes	
Rating Area 11	Montgomery	
Rating Area 12	Greene	
Rating Area 12	Hale	
Rating Area 12	Tuscaloosa	
Rating Area 13	Baldwin	
Rating Area 13	Barbour	
Rating Area 13	Bullock	
Rating Area 13	Butler	
Rating Area 13	Chambers	
Rating Area 13	Cherokee	
Rating Area 13	Choctaw	
Rating Area 13	Clarke	
Rating Area 13	Clay	
Rating Area 13	Cleburne	
Rating Area 13	Coffee	

Rating Area 13	Conecuh	
Rating Area 13	Coosa	
Rating Area 13	Covington	
Rating Area 13	Crenshaw	
Rating Area 13	Cullman	
Rating Area 13	Dale	
Rating Area 13	Dallas	
Rating Area 13	DeKalb	
Rating Area 13	Escambia	
Rating Area 13	Fayette	
Rating Area 13	Franklin	
Rating Area 13	Jackson	
Rating Area 13	Lamar	
Rating Area 13	Macon	
Rating Area 13	Marion	
Rating Area 13	Morengo	
Rating Area 13	Marshall	
Rating Area 13	Monroe	
Rating Area 13	Perry	
Rating Area 13	Pickens	
Rating Area 13	Pike	
Rating Area 13	Randolph	
Rating Area 13	Sumter	
Rating Area 13	Talladega	
Rating Area 13	Tallapoosa	
Rating Area 13	Washington	
Rating Area 13	Wilcox	
Rating Area 13	Winston	