

EXHIBIT I

ACTUARIAL MEMORANDUM AND CERTIFICATION

Scope and Purpose

The purpose of this filing is to submit CIGNA Health and Life Insurance Company's group manual rating methodology. Our pricing model was developed to provide a consistent rating methodology across products. This filing includes Open Access Plus, PPO, Network, Indemnity, and retiree medical insurance product, and is applicable for groups of 101 or more lives. Methodology is also included for Pharmacy products.

Benefit Description

The benefits covered in this memorandum include group health insurance coverage as described in CIGNA Health and Life Insurance Company forms HP-POL et al, and HC-TOC et al.

Census

Member level census will be used when available. If only subscriber level data is available, penetration and translation assumptions will be used to create a member level census for manual rate development. The penetration and translation assumptions used are developed from studies of our book of business, which includes experience from similar CIGNA Health and Life Insurance Company ("CHLIC") policies. Penetration estimates the number of subscribers that will select the CIGNA Health and Life Insurance Company plan; the translation process develops projected subscribers and members within rating tiers.

Adjustments to Base Claims

The base claim rates by area are adjusted for certain group and member characteristics. These include industry loads and discounts, age and sex demographic adjustments, and trends.

Adjustments for industry (SIC) are developed from a study of our book of business combined with results from an outside consultant's national industry factor assessment study.

Age and sex demographic adjustments are developed from a study of our book of business. The resulting age/sex slopes are normalized to represent the national census.

Trends reflect historical experience from CHLIC's group medical experience and projections for future levels. Medical trend rates are applied on a daily basis.

Benefit Plan Adjustments

Base claims are reduced for specific cost sharing features of the product and benefit plan selected. Copay and other cost sharing benefit design related adjustments are made using assumptions regarding utilization levels by base claim component. Claim distributions are used to determine the impact of deductibles, coinsurance and out of pocket maximums. In addition, a utilization dampening factor is applied to reflect lower utilization levels as cost sharing rises.

Renewability Clause

The benefit plans covered under this memorandum are guaranteed renewable.

Applicability

CHLIC, Inc. anticipates both renewals and new issues from the forms currently filed.

Marketing Method

These products are sold to employer-employee groups, labor union groups and association groups through CIGNA Health and Life Insurance Company group sales offices.

Premium Classes

Premium rates may vary by product, plan design, geographic area, group demographics, industry, effective date, experience, and underwriting discretion.

Issue Age Range

There are no issue age restrictions in our policy forms; however, eligibility requirements must be fulfilled.

Premium Modalization Rules

The CIGNA Health and Life Insurance Company Health Manual produces monthly premiums. Modalization factors are expressed as a function of these monthly rates as follows:

Annual	11.8227
Semi-Annual	5.9557
Quarterly	2.9852

Distribution of Business

Rates vary by geographic location and group specific characteristics, including demographics. Target distribution is to groups with both single employees and employees with dependents, assuming a 40/60 distribution.

Rating

The group rates filed represent the rate level we expect to be necessary to achieve a desired average loss ratio for all group contracts. Accordingly, actual rates for groups will vary as a result of a variety of factors. These include variation in benefit plan, age, gender, family composition, size, industry, area, healthplan claim experience, pharmacy indicators and underwriting discretion.

Depending upon group size, case specific claim experience may be used to adjust the rate. Credibility is based on group size, pooling level and months of experience. Rates for partially credible groups are based on a blend of experience and manual rating.

For Minimum Premium plans, the premium paid by the policyholder is reduced for the portion of the total claim amount that is expected to be self-insured.

Solvency

CHLIC's risk-based capital (RBC) ratio for the last three years are as follows:

2023 – **464.536%**

2022 – **415.612%**

2021 – **477.724%**

Anticipated Loss Ratio

The methodology and supporting factors apply to groups of 101 or more employees.

The anticipated large group loss ratio for this policy is 88.0%.

The components of Cigna's retention for our Large Group pricing are as follows:

Retention Components	2025 % of Premium (proposed)
Admin	5.0%
Access Fee	0.8%
Quality Improvement	0.2%
Tax	2.0%
State Assessments	2.0%
PPACA Fees*	0.0%
Risk Charge	0.0%
Profit	2.0%
Commissions	0.0%
Total Retention	12.0%
Targeted MLR	88.0%
Total Retention + MLR	100.0%

** PPACA fees are primarily associated with the Health Insurance Industry Fee (HIIF), which is assumed to be 2.5% for 2020 calendar months, and 0% for 2021+ calendar months due to recent legislative changes. The remainder is for the PCORI, which is currently a small amount (<0.1%), and assumed to continue for 2020 and beyond.*

Components of Proposed Rate Increase

The 11.5% revised requested rate increase was calculated using the following:

- To calculate average premium we take the average PMPM medical costs and then divide by the target loss ratio.
- The 11.5% increase is the weighted average expected premium for the current period / weighted average prior premium
- The requested average rate increase of 11.5% can be split into the following adjustment categories:

Category	Detail	Average	Grouped	
Filed & Approved	Filed and Approved Total (Med & Rx) Claims Trend (1/1/24 effective date)	9.1%		9.0%
Changes to trend	Difference in Current Approved Total Trend vs Proposed Total Trend (1/1/25 effective date)	-0.7%		
Revisions to pricing factors - Trend	Changes to trend, area factors, and methodology since approved filing (1/1/25 effective date)	0.6%	-1.1%	
Revisions to pricing factors - non-Trend	Changes to trend, area factors, and methodology since approved filing (1/1/25 effective date)	-1.7%		
Expense Changes	MLR change since last approved filing; lower admin fee & higher profit	4.0%		
Requested Rate Change	Composite change of all items listed above	11.5%		

Changes to Factors/Methodology for the 2025 Cigna Rate Filing

Methodology Updates

- Medical
 - Change to utilization dampening methodology
 - Change to multiple offering load methodology
 - Added rate cap load
 - Added virtual care adjustment to community rate loads
 - Added high tech radiology – essential to health management program savings
- Pharmacy
 - Added diet drugs 2 to AWP per script and script count per customer tables
 - Added SaveonSP to additional benefit adjustments

Data Updates

- Medical
 - Updates to base rate and MSC weightings
 - Updates to CPD
 - Updates to trend
 - Updates to area factors
 - Updates to industry factors
 - Updates to effective deductible and OOP max factors
 - Updates to demographic aging factor
 - Updates to rider values
- Behavioral
 - Updates to MHSUD rates
 - Updates to MHSUD trend
- Pharmacy
 - Updates to average wholesale price per script
 - Updates to script count per customer
 - Updates to script and AWP channel assumptions
 - Updates to cost and utilization trend
 - Updates to area factors
 - Updates to demographic factors
 - Updates to CPD

ACTUARIAL CERTIFICATION


Opinion

In my opinion, the rates were developed using reasonable actuarial assumptions, and the rate levels are reasonable in relationship to the benefits provided. The actuarial data and experience will be maintained by the company and available for review by the Green Mountain Care Board upon request.

I certify that to the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws and regulations of the State. In summary, I believe that the rating assumptions proposed will produce rates which are not excessive, inadequate, or unfairly discriminatory.

Reliance

In forming my opinion & review of the submitted materials, I relied upon Tyler Mulberry, Actuarial Lead Analyst, for the collection of data, evaluation of results, and compilation of materials. I have reviewed these materials for reasonableness and consistency with the applicable Actuarial Standards of Practice.



Allison Behrens, FSA, MAAA
Actuarial Senior Director
Date: 9/20/2024

I, Tyler Mulberry, hereby affirm that the listings, summaries, and analyses in support of this rate filing prepared for and submitted to Allison Behrens in support of her actuarial opinion were prepared under my direction and, to the best of my knowledge and belief, are accurate and complete representations of the rates for which we are seeking approval.



Tyler Mulberry, ASA
Actuarial Lead Analyst
Date: 9/20/2024