EXHIBIT 13b: NARRATIVE SUMMARY

Company Name: New York Quality Healthcare Corporation (Fidelis)
NAIC Code: 16352
SERFF Tracking #: FCNY-132377234
Market Segment: Individual

Fidelis Care New York
New York State of Health – Individual Exchange Products
Narrative Summary of Requested Rate Changes Effective January 1, 2021

You recently received a letter from Fidelis Care outlining our annual proposed premium rate adjustment filing(s) with the New York State Department of Financial Services (DFS). This Narrative Summary is designed to provide a plain-language summary of the reasons for the rate adjustment. This Summary will remain posted on our website, for a minimum of 30 calendar days from the date of our letter. Please review this information carefully and contact us or DFS, as indicated in our letter, with questions within 30 days.

The Components of Your Premium Rate

The components of Fidelis Care’ (or any insurer’s) annual premium are medical costs, administrative expenses, and profit.

Medical costs include physician fees, inpatient and outpatient costs, pharmacy costs. Medical costs also include certain New York State assessments, called “HCRA” and “GME”. These assessments are considered medical costs because they fund medical education and compensate medical providers for providing unpaid care to the poor.

Under New York state law, at least 82 cents of each premium dollar is to be paid toward medical costs. Fidelis Care anticipates paying 85 cents.

Some examples of administrative expenses are:

- Fees including assessments to fund the DFS and assessments to fund risk equalization among insurers;
- Taxes including the NYS Premium Tax, MTA Surcharge and Federal Income Tax;
- Development and maintenance of computer systems and office buildings to comply with the demands of rapidly changing health care requirements;

The information furnished herein constitutes proprietary, confidential and sensitive financial information pertaining to New York Quality Healthcare Corporation (“Fidelis Care”) that is exempt from FOIA disclosure pursuant to 5 U.S.C. § 552(b)(4). Accordingly, any release of the information contained herein would cause substantial harm to Fidelis Care and would provide a competitive advantage to its competitors. Fidelis Care respectfully requests that none of the financial information submitted herein be released by DFS pursuant to a FOIA request before July 30, 2020 without first providing Fidelis Care an opportunity to oppose any such FOIA request.
- Costs for improving health, including consumer education and web-based consumer support tools, promotion of wellness, and programs for managing chronic and complex medical conditions;
- Maintaining the provider network as well as measuring quality and efficiency of providers; and
- Operating costs for items such as processing claims, correspondence and appeals, answering members’ questions and providing customer service.

Fidelis Care anticipates that approximately 1.5 cents of every premium dollar will go to profit.

Why are rates changing?

Each year, Fidelis Care is required to review its experience and determine whether a change in premium rates is necessary. Fidelis Care files suggested premium rates with the DFS in order for DFS to evaluate the request.

When deciding how to change premium rates, Fidelis Care assesses its recent experience and current situation, and estimates how much medical costs will change in the future.

Having recently completed this evaluation, Fidelis Care is requesting the premium increases that appear in the attached Exhibit 13a. If approved, the increases will be added to the 2020 premium starting January 1, 2021. The rate increase affects 82,554 policyholders and 113,338 members.

However, it is important to note that your premium increase or decrease will probably differ from the letter you received. Most Fidelis Care members receive premium subsidies from the Federal government. These subsidies depend on income and family situation as well as the premium rates for other insurers.

Fidelis Care’s rate filing is driven by five primary considerations:

- **2021 COVID-19 Impact:**

  At the time of this rate filing submission, we acknowledge there is substantial uncertainty regarding the impact of the COVID-19 pandemic on claim costs and required premium rates in 2021, but have made a preliminary adjustment to reflect the increased risk and uncertainty associated with the pandemic and its secondary effects. We have incorporated an overall premium adjustment to account for the combined impact of several key COVID-19-related cost drivers. These adjustments are derived from a model that is premised on assumptions of the spread of the disease, including assumptions as to how many people are infected in a population, how that infection rate is different by...
age/gender, how severe those infections are across the population, as well as assumptions regarding actions taken by governmental authorities, employers, and consumer and healthcare provider behavior in response to the pandemic.

Scientific knowledge of these items is incomplete and new data on the spread of COVID-19 in the United States is still emerging. In addition, actions taken by governmental authorities and the healthcare system related to the COVID-19 pandemic are rapidly changing. Consequently, our model results will evolve as new information becomes available and new actions are taken by the authorities and other stakeholders. Due to the limited information available on the pandemic, any analysis is subject to a substantially greater than usual level of uncertainty. If subsequent information becomes available that would materially affect this rate filing submission, we would like to work with DFS to update our pricing assumptions regarding the impact of COVID-19 and resubmit this rate filing.

Premium rates have been adjusted 8.4% to reflect the estimated impact of the COVID-19 pandemic and associated secondary effects on the cost to provide healthcare coverage in 2021.

The unit cost trend factors reflect anticipated increases in provider reimbursement associated with the COVID-19 pandemic, and its impact on provider finances and capacity.

The morbidity adjustment reflects the anticipated combined impact of COVID-19-related cost drivers on healthcare utilization and intensity in 2021, including the following:

1. Direct cost of acute COVID-19 treatment, testing, and vaccination.
2. Pent-up demand as deferred care passes through the healthcare system following social distancing “lockdown” measures.
3. Morbidity impact of economic disruption in the form of job terminations, leading to enrollment shifts from employer sponsored coverage to individual ACA and from individual ACA to Medicaid or uninsured.
4. Morbidity impact of lasting population health changes precipitated by the pandemic, including healthcare complications following recovery from severe cases of COVID-19, and worsened health outcomes due to deferred or avoided preventive care and maintenance care for chronic conditions during social distancing lockdown periods.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual

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experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. Furthermore, due to the substantial uncertainty regarding the impact of the COVID-19 pandemic, we believe some of the assumptions related to the pandemic’s financial impact will exhibit a substantially greater divergence from expectations.

- **Higher medical and pharmacy costs and greater utilization:**
  Given the aging of the population and development of new medical technologies, more services are being utilized each year per member.

- **Risk Adjustment:**
  The ACA’s risk adjustment program is intended to reinforce market rules that prohibit risk selection by insurers. Risk adjustment accomplishes this by transferring funds from plans with lower-risk enrollees to plans with higher-risk enrollees. Fidelis Care has always been a payer to the risk adjustment pool and we expect the same in 2021. We expect higher risk adjustment payment in 2021 due to the impact of changes in the HCC coefficients and a much higher statewide average premium in the risk-sharing pool.

- **The impact of elimination of the individual mandate requirement:**
  Due to the elimination of the individual mandate requirement, we expect the cost will continue to be higher because the healthy members are leaving the individual market.

- **Administrative costs and anticipated profits:**
  New York State law protects the member by requiring that at least 82% of premium is paid in medical expenses. If less than 82% of premium has been paid out in medical expenses after all estimates are completed, the member will receive some of their premium back. Fidelis Care anticipates paying 85.1 cents of each premium dollar towards medical expenses. 1.5 cents of every premium dollar will be collected for surplus. Approximately 13.4 cents will be collected for administrative costs.

Based on the drivers of the premium changes listed above, we will increase the rate approximately 18.8% from 2020 to 2021.

Rate increases also may vary by metal plan and region. Plan variation is based on differences in cost-sharing, not differences in health status. For both plan and region, the variation is based on actual Individual Market experience.

The breakdown of the drivers is included in the following table:

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Last Updated: 5/12/2020

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Final Rate Increase

Please be aware that your final renewal premium increase for 2021 may be different than the percentages listed in Exhibit 13a. The Superintendent of Financial Services may approve (as requested), modify or deny the proposed rate adjustment. Your final premium will account for the rate adjustment actually approved by the New York State DFS, as well as premium subsidies provided by the federal government.

<table>
<thead>
<tr>
<th></th>
<th>2021 Rate Increase Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021 COVID-19 Premium Impact</td>
<td>8.4% (1)</td>
</tr>
<tr>
<td>Other Premium Impacts</td>
<td></td>
</tr>
<tr>
<td>Trend</td>
<td>4.0% a</td>
</tr>
<tr>
<td>Risk Adjustment</td>
<td>2.3% b</td>
</tr>
<tr>
<td>Higher Operating Cost</td>
<td>1.8% c</td>
</tr>
<tr>
<td>Demographic and the elimination of the individual mandate</td>
<td>1.5% d</td>
</tr>
<tr>
<td>Total</td>
<td>9.6% (2) = a + b + c + d</td>
</tr>
<tr>
<td>Total Premium Impact</td>
<td>18.8% (3) = (1) x (2)</td>
</tr>
</tbody>
</table>

2021 Rate Increase Requested

8.4% (1)

Other Premium Impacts

Trend 4.0% a
Risk Adjustment 2.3% b
Higher Operating Cost 1.8% c
Demographic and the elimination of the individual mandate 1.5% d
Total 9.6% (2) = a + b + c + d
Total Premium Impact 18.8% (3) = (1) x (2)
EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company: New York Quality Healthcare Corporation (Fidelis)
NAIC Code: 1302
SERFF Tracking #: FCNY-13277294
Market Segment: Individual

1. Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
2. The purpose of the Narrative Summary is to provide a written explanation to the company’s policyholders to help them understand the reasons why a rate increase is needed.
3. The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
4. These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS’s website and furnished by DFS to the public upon request.
5. The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
6. A draft of these Summaries and of the Initial Notice must be included in a “Prior Approval Pre-filing” submitted to DFS via SERFF.
7. Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
8. Links should be provided on key pages of the company’s website so that the information may be easily located.
9. Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
10. Rate Change Adjustment calculations between Year 2020 and 2021 should be based on the DFS Membership Survey data as of 3/31/2020.
11. This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2020 and 2021 Premium Rates:

<table>
<thead>
<tr>
<th>Metal</th>
<th>2020 Weighted Average Base Premium Rates</th>
<th>2021 Weighted Average Base Premium Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>873.73 $</td>
<td>1,049.53 $</td>
</tr>
<tr>
<td>Gold</td>
<td>722.32 $</td>
<td>863.71 $</td>
</tr>
<tr>
<td>Silver</td>
<td>602.07 $</td>
<td>708.06 $</td>
</tr>
<tr>
<td>Bronze</td>
<td>420.24 $</td>
<td>500.19 $</td>
</tr>
<tr>
<td>Catastrophic</td>
<td>173.29 $</td>
<td>238.54 $</td>
</tr>
</tbody>
</table>

B. Weighted Average Annual Percentage Requested Adjustments:

<table>
<thead>
<tr>
<th></th>
<th>Requested Rate Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 to 2021</td>
<td>18.81535%</td>
</tr>
<tr>
<td>2021 Weighted Average PMPM Rate All - Metals</td>
<td>824.48 $</td>
</tr>
<tr>
<td>2021 Weighted Average PMPM Rate All - Metals</td>
<td>623.17 $</td>
</tr>
</tbody>
</table>

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years (If Applicable):

<table>
<thead>
<tr>
<th></th>
<th>Average Rate Adjustment Requested</th>
<th>Average Rate Adjustment Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 to 2019</td>
<td>56.61000%</td>
<td>12.70000%</td>
</tr>
<tr>
<td>2019 to 2020</td>
<td>6.61000%</td>
<td>3.90000%</td>
</tr>
</tbody>
</table>

D. Average Medical Loss Ratio (MLR) for All Policies Impacted (Ratio of Incurred Claims to Earned Premiums) (If Applicable):

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>MLR</td>
<td>88.9%</td>
<td>82.4%</td>
<td>80.7%</td>
</tr>
</tbody>
</table>

E. Claim Trend Rates and Average Ratio to Earned Premium (For Exhibit 18 for 2019-2021 and Comparable Exhibits for 2015 If Applicable):

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claim Trend Rates</td>
<td>8.8%</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Expense Ratios</td>
<td>10.1%</td>
<td>9.1%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Pre-tax Profit Ratios</td>
<td>2.0%</td>
<td>1.5%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

* If no products were offered in a particular year, indicate "N/A" in the applicable box.