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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO/OAKLAND DIVISION**

THE STATE OF CALIFORNIA; THE STATE OF CONNECTICUT; THE STATE OF DELAWARE; THE DISTRICT OF COLUMBIA; THE STATE OF ILLINOIS; THE STATE OF IOWA; THE COMMONWEALTH OF KENTUCKY; THE STATE OF MARYLAND; THE COMMONWEALTH OF MASSACHUSETTS; THE STATE OF MINNESOTA; THE STATE OF NEW MEXICO; THE STATE OF NEW YORK; THE STATE OF NORTH CAROLINA; THE STATE OF OREGON; THE COMMONWEALTH OF PENNSYLVANIA; THE STATE OF RHODE ISLAND; THE STATE OF VERMONT; THE COMMONWEALTH OF VIRGINIA; and THE STATE OF WASHINGTON,

Plaintiffs,

v.

DONALD J. TRUMP, President of the United States; ERIC D. HARGAN, Acting Secretary of the United States Department of Health and Human Services; UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES; STEVEN T. MNUCHIN, Secretary of the United States Department of the Treasury; UNITED STATES DEPARTMENT OF THE TREASURY; and DOES 1-20,

Defendants.

NO. 3:17-cv-05895

DECLARATION OF HIU-WAN KO

1 I, Hiu-Wan Ko, declare as follows:

2 1. I am over the age of eighteen years old, have personal knowledge of all facts
3 and matters herein, and am competent to testify to the matters below. I am
4 employed as Actuarial Director for Premera Blue Cross (“Premera”) and its
5 subsidiaries, including LifeWise of Washington (“LifeWise”). I have personal
6 knowledge of the facts set forth in this declaration, and if called upon as a
7 witness, I could and would competently testify to these facts under oath. The
8 facts set forth in this declaration pertain solely to products sold in Washington
9 State.
10

11 2. The current membership in Premera’s non-grandfathered individual plans in
12 Washington State is 21,267, including plans purchased on the Washington
13 Health Benefit Exchange. 3,896 of these members are on cost-sharing
14 reduction plans. The current membership in LifeWise’s non-grandfathered
15 individual plans in Washington State is 29,962, including plans purchased on
16 the Washington Health Benefit Exchange. 5,418 of these members are on cost-
17 sharing reduction plans.
18

19 3. Premera has received approximately \$3.9 million in cost-sharing reduction
20 (“CSR”) reimbursement from the federal government in 2017 to date, and is
21 entitled to receive approximately \$1.5 million in additional CSR reimbursement
22 from the federal government for 2017, such that Premera estimates that it
23 should receive a total of approximately \$5.4 million in CSR reimbursement in
24 all of 2017. Because Premera’s 2017 rates were developed on the assumption
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1 that CSR reimbursements from the federal government would be made for all of
2 2017, if additional CSR reimbursement is not received for 2017, Premera will
3 suffer a financial loss of approximately \$1.5 million. LifeWise has received
4 approximately \$4.5 million in CSR reimbursement from the federal government
5 in 2017 to date, and is entitled to receive approximately \$1.2 million in
6 additional CSR reimbursement from the federal government for 2017, such that
7 LifeWise estimates that it should receive a total of approximately \$5.7 million
8 in CSR reimbursement in all of 2017. Because LifeWise's 2017 rates were
9 developed on the assumption that CSR reimbursements from the federal
10 government would be made for all of 2017, if additional CSR reimbursement is
11 not received for 2017, LifeWise will suffer a financial loss of approximately
12 \$1.2 million. The exact total amount of CSR reimbursement that Premera and
13 LifeWise will be entitled to from the federal government for 2017 will depend
14 upon utilization of members in the CSR-eligible plans for the remainder of the
15 year.
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- 18 4. Premera has filed for approval to offer two silver plans in the individual market
19 in 2018, based on the assumption that CSR reimbursements would be received
20 from the federal government for 2018. Premera also has developed rates for use
21 if the CSR reimbursements from the federal government are not received in
22 2018. These rates would be on average 10.1% higher for one plan and 13.1%
23 higher for the other, as compared to the rates filed on the assumption that CSR
24 reimbursements will be received. For an average 40-year old member, this
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represents an increase of \$48 and \$64 per month, for the two plans, respectively. LifeWise has filed to offer two silver plans in the individual market in 2018, based on the assumption that CSR reimbursements would be received from the federal government for 2018. LifeWise also has developed rates for use if the CSR reimbursements from the federal government are not received in 2018. These rates would be on average 14.2% higher for one plan and 15.1% higher for the other, as compared to the rates filed on the assumption that CSR reimbursements will be received. For an average 40-year old member, this represents an increase of \$56 and \$62 per month, for the two plans, respectively.

I affirm under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

DATED this 17 day of October, 2017, at Mountlake Terrace, Washington.



Hiu-Wah Ko, FSA, MAAA
Director, Actuarial Services