

Aetna Life Insurance Company – Small Group Plans

Rate request filing ID # AETN-130533503 - This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at <http://www.insurance.pa.gov/Consumers/ACARelatedFilings/>

Overview

Requested average rate change:	32%
Range of requested rate change:	17% to 71%
Effective date:	January 1, 2017
People impacted:	6,123
Available in:	All rating areas, statewide

Key information

Jan. 2015-Dec. 2015 financial experience

Premiums	\$17.2M
Claims	\$20.5M
Administrative expenses	\$7.7M
<hr/>	
Company made (before taxes)	-\$11.0M

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2017:

Claims:	82.9%
Administrative:	9.6%
Taxes & fees:	3.6%
Profit:	3.9%

The company expects its annual medical costs to increase **10%**.

Explanation of requested rate change

Medical costs are going up, and we are changing our rates to reflect this increase. Medical costs go up for two reasons – providers raise their prices and members get more medical care. Rate increases differ by plan. The exact rate change depends on what benefit plan the group chooses, where the group is located, when the group’s contract renews, and the ages and family sizes of enrolling employees. Rates charged to employees also depend upon any change in the amount of premium paid by the employer.

The components of this rate change are as follows:

- The change in normalized allowed claims is worth 20%
- The change in allowable plan adjusted level components is worth 5%
- The change in retention components is worth 7%