

Geisinger Quality Options – Individual Plans

Rate request filing ID # GSHP-130558343 - 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: | 40.7% |
| Range of requested rate change: | 35%-73% |
| Effective date: | 1/1/2017 |
| People impacted: | 6,314 |
| Available in: | Rating Areas 2, 3, 5, 6, 7 and 9 |

Key information

Jan. 2015-Dec. 2015 financial experience

| | |
|------------------------------------|---------------------|
| Premiums | \$30,294,687 |
| Claims | \$27,191,521 |
| Administrative expenses | \$4,578,074 |
| Company made (before taxes) | -\$1,474,908 |

NOTE: The preceding financial data includes both ACA and non-ACA data and will differ from the ACA Filing experience period data.

How it plans to spend your premium

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

| | |
|-----------------|-------|
| Claims: | 81.8% |
| Administrative: | 6.4% |
| Taxes & fees: | 6.9% |
| Risk Margin: | 5.0% |

The company expects its annual medical costs to increase **7.5%**.

Explanation of requested rate change

Geisinger Quality Options has proposed an overall base rate increase of 40.7% for Individual PPO members renewing in the Marketplace effective January 1, 2017 through December 1, 2017. The range of proposed rate increases vary from a minimum of 35.0% to a maximum of 73.0%. The overall increase is largely due to the claims experience in ACA compliant individual market plans being much higher than what was assumed in current rates. Other contributing factors include annual claims trend, federally-prescribed ACA fees and changes in the federal risk-adjustment program. The total projected 2017 administrative costs are slightly higher than those used for the current 2016 rates. As required by federal regulations and using the federally-prescribed MLR methodology, the projected loss ratio exceeds 80%. There were minimal benefit changes proposed for 2017.