

UPMC Health Coverage, Inc. – Small Group Plans

Rate request filing ID # UPMC-130536846- This document is a consumer tool to help explain the rate filing and the request made by the insurance company. 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/Pages/default.aspx>

Overview

| | |
|---------------------------------|-------------|
| Requested average rate change: | 6.7% |
| Range of requested rate change: | 5.9% - 8.3% |
| Effective date: | 1/1/2017 |
| People impacted: | 1,197 |
| Available in: | 1, 2, 4, 5 |

Key information

Jan. 2015-Dec. 2015 financial experience

| | | |
|-----------------------------|----|------------------|
| Premiums | \$ | 8,381,647 |
| Claims | \$ | 7,263,253 |
| Administrative expenses | \$ | 1,383,156 |
| Company made (before taxes) | \$ | (264,762) |

How it plans to spend your premium

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

| | |
|-----------------|--------|
| Claims: | 88.95% |
| Administrative: | 14.58% |
| Taxes & fees: | 3.42% |
| Profit: | -6.95% |

The company expects its annual medical costs to increase 3.8%.

Explanation of requested rate change

The cost of the population is higher than what was assumed when 2016 rates were set.

Additional premium is needed to account for that in addition to the higher cost and utilization of medical services each year.