

Attachment I

Rate Change Summary

Capital Advantage Insurance Company (CAIC) – Individual Plans

Rate request filing ID # CABC-132796294 - 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 <https://www.insurance.pa.gov/Consumers/HealthInsuranceFilings/Pages/ACA-Health-Rate-Filings.aspx>

Overview

Initial requested average rate change:	0.8% ¹
Revised requested average rate change:	N/A ¹
Range of requested rate change:	0.8% to 0.8%
Effective date:	1/1/2022
Mapped Members:	62
Available in:	Rating Areas 6, Rating Area 7, and Rating Area 9

Key information

Jan. 2020-Dec. 2020 financial experience

Premiums	\$393,253
Claims	\$346,298
Administrative expenses	\$70,674
Taxes & fees	\$(37,287)
Company made (after taxes)	\$13,568

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2022:

Claims:	78.00%
Administrative:	17.26%
Taxes & fees:	2.74%
Profit:	2.00%

The company expects its annual medical costs to increase **6.58%**.

Explanation of requested rate change

Favorable Experience Net Risk Adjustment: -7.2%
Proposed change to PA Reinsurance Program: 1.5%
Future Cost and Utilization: 6.5%

CAIC only offers a catastrophic plan in the Individual market. The low premium associated with catastrophic plans results in a situation where the projected claims fall below 80% of premium (premium is low but administrative expenses are the same as other Capital plans). CAIC has performed a federal MLR rebate calculation and estimates the requested premium meets the 80% MLR rule after prescribed deductions are considered.

¹ Note that the Initial requested average rate change reflects the insurer's rate change request, in July, after they have received updated information about the impact of a federal program called risk adjustment and finalization of the reinsurance program parameters.