

Attachment I

Rate Change Summary

Capital Advantage Assurance Company (CAAC) – Individual Plans

Rate request filing ID # CABC-133247263 - 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/Companies/ProductAndRateRequire/Pages/default.aspx>

Overview

Initial requested average rate change:	12.3% ¹
Revised requested average rate change:	N/A ¹
Range of requested rate change:	8.1% - 18.4%
Effective date:	1/1/2023
Mapped Members:	56,215
Available in:	Rating Area 6, Rating Area 7, and Rating Area 9

Key information

Jan. 2021-Dec. 2021 financial experience

Premiums	\$420,349,650
Claims	\$410,086,005
Administrative expenses	\$36,682,921
Taxes & fees	\$(599,056)
Company made (after taxes)	\$(25,820,221)

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2023:

Claims:	90.53%
Administrative:	6.88%
Taxes & fees:	0.59%
Profit:	2.00%

The company expects its annual medical costs to increase **6.32%**.

Explanation of requested rate change

The key drivers of the rate change and approximate impact are as follows:

- Future cost and utilization: 6.1%
- Higher than average claim cost and utilization in 2021: 6%
- Estimated 2021 risk adjustment results: 0.7%
- Expected morbidity improvement: -3%
 - COVID-19 becomes endemic
 - Pent-up demand subsides
- Proposed changes to the PA reinsurance program: 2.5%

¹ Note that insurers will have the opportunity to revise their rate change request in July, after they are scheduled to receive updated information about the impact of a federal program called risk adjustment. This document will be updated accordingly

at that time.