

Highmark Health Insurance Company – Individual Plans

Rate request filing ID # 1A-DP-16-HHIC HGHM-130540841 - 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:	48.1%
Range of requested rate change:	32.2%-114.1%
Effective date:	01/01/2017
People impacted:	20,327 members
Available in:	Rating areas – 1, 2, 4, 5, 6, 7, and 9

Key information

Jan. 2015-Dec. 2015 financial experience

Premiums	\$180,072,319*
Claims	\$228,315,314*
Administrative expenses	\$14,112,700
Company made (before taxes)	(\$62,355,695)**

*Does not include reinsurance ceded.

**Includes transitional ACA reinsurance receivable.

How it plans to spend your premium

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

Claims:	88%
Administrative:	7%
Taxes & fees:	2%
Profit:	3%

The company expects its annual medical costs to increase **11.5%**.

Explanation of requested rate change

The premium rate increase for Highmark Health Insurance Company is set adequately to cover the rising medical and pharmacy costs.

The primary drivers of the rate increase are the experience of the ACA single risk pool membership is emerging higher than assumed in the prior rate filing, trend, and the expiration of the federal transitional reinsurance program.

The requested average rate change and range of rate change reflect the impact of anticipated plan mappings. Due in large part to complex mapping requirements, some members will be mapped to plans with a significantly higher actuarial value. In these situations, the effective rate change will be higher due to the enhanced level of benefits.