

UPMC Health Options, Inc. – Individual Plans

Rate request filing ID # UPMC-130536844- 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:	16.2%
Range of requested rate change:	13.6% - 18.5%
Effective date:	1/1/2017
People impacted:	110,825
Available in:	1, 2, 4, 5, 6

Key information

Jan. 2015-Dec. 2015 financial experience

Premiums	\$	192,348,466
Claims	\$	197,508,483
Administrative expenses	\$	21,462,647
Company made (before taxes)	\$	(26,622,664)

How it plans to spend your premium

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

Claims:	90.15%
Administrative:	9.73%
Taxes & fees:	1.69%
Profit:	-1.57%

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

Explanation of requested rate change

The rate increase is required to eventually get the product back to profitability. 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. Additional premium is also needed to account for the portion of claims that was previously offset by the Transitional Reinsurance Program under PPACA as that program ends in 2016.