

Aetna Life Insurance Company – Small Group Plans

Rate request filing ID # AETN-131033620 - 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

Initial requested average rate change:	1.5% ¹
Revised requested average rate change:	N/A ¹
Range of requested rate change:	-18.1% to +30.8%
Effective date:	January 1, 2018
People impacted:	1,193
Available in:	Rating Areas 1-3 and 5-9, certain counties excluded

Key information

Jan. 2016-Dec. 2016 financial experience

Premiums	\$54M
Claims	\$45M
Administrative expenses	\$6M
Taxes & fees	\$4M
Company made (after taxes)	-\$1M

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2018:

Claims:	79.3%
Administrative:	10.3%
Taxes & fees:	6.5%
Profit:	3.9%

The company expects its annual medical costs to increase **12%**.

Explanation of requested rate change

Medical costs are going up, and we are changing our rates to reflect this increase. Medical costs go up for two reasons – providers raise their prices and members get more medical care. Rate increases differ by plan. The exact rate change depends on what benefit plan the group chooses, where the group is located, when the group’s contract renews, and the ages and family sizes of enrolling employees. Rates charged to employees also depend upon any change in the amount of premium paid by the employer.

¹The initial requested average rate change shows the average rate change when the filing was initially made in May. Based on revisions made in the course of the Department’s review and information released by the federal government in July on the impact of a federal program called risk adjustment, the insurer may have revised the rate filing, resulting in a revised requested average rate change.