

Geisinger Quality Options – Small Group Plans

Rate request filing ID # GSHP-131024110 - 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:	14.2% ¹
Revised requested average rate change:	14.8% ¹
Range of requested rate change:	7.3%-24.8%
Effective date:	1/1/2018
People impacted:	5,358
Available in:	Rating areas 2, 3, 5, 6, 7 and 9

Key information

Jan. 2016-Dec. 2016 financial experience

Premiums	\$100,288,444
Claims	\$83,324,094
Administrative expenses	\$9,643,116
Taxes & fees	\$5,667,655
Company made (after taxes)	\$1,653,578

How it plans to spend your premium

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

Claims:	81.60%
Administrative:	6.98%
Taxes & fees:	6.42%
Profit:	5.00%

The company expects its annual medical costs to increase 8.6%.

Explanation of requested rate change

Geisinger Quality Options has proposed an overall base rate increase of 14.8% for Small Group PPO members renewing in the Marketplace effective January 1, 2018 through December 1, 2018. The actual range of proposed rate increases vary from a minimum of 7.3% to a maximum of 24.8%. The overall increase is due to the claims experience in ACA compliant Small Group market plans being higher than what was assumed in the current rates. Other contributing factors include annual claims trend, taxes and changes in the federal risk adjustment program. The total projected 2018 administrative costs are approximately the same as those used for the current 2017 rates. As required by federal regulations and using the Federally prescribed MLR methodology, the projected loss ratio exceeds 80%. There were minimal benefit changes proposed for 2018.

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.