# Keystone Health Plan Central (KHPC) – Individual Plans

Rate request filing ID # CABC-131022039 - 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: | 4.7%[1] |
| Revised requested average rate change: | 4.9%[1] |
| Range of requested rate change: | 4.8% to 5.0% |
| Effective date: | 1/1/2018 |
| People impacted: | 3,011 |
| Available in: | Rating Area 6, Rating Area 7, and Rating Area 9 |

## Key information

**Jan. 2016-Dec. 2016 financial experience**

| | |
|---|---|
| Premiums | $104,079,318 |
| Claims | $127,467,804 |
| Administrative expenses | $13,372,802 |
| Taxes & fees | $9,480,252 |
| Company made (after taxes) | **$(46,241,540)** |

The company expects its annual medical costs to increase **13.7%**.

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

| | |
|---|---|
| Claims: | 81.7% |
| Administrative: | 11.8% |
| Taxes & fees: | 4.5% |
| Profit: | 2.0% |

## Explanation of requested rate change

Primary drivers of requested change

- Historical claim experience
- Reimplementation of Health Insurer Fee in 2018

Changes being requested are also based upon consideration of the factors that influence future period cost structures. The primary drivers of change in future costs are:

- Anticipated increase in facility and physician unit costs
- Anticipated changes in prescription drug unit costs
- Continuing change in utilization such as
  - Intensity of medical services rendered
  - Changes in place of service (e.g. continued migration of inpatient stays to outpatient setting)
  - Further migration from brand prescription drugs to generic prescription drugs
  - Favorable impacts of value based benefits designs
- Prescription drug patent expirations and new to market brand drugs
- Leveraging associated with unchanged cost share components such as deductible and copays
- Inflation adjustment to administrative expenses

[1] The 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.