

# **Attachment I**

# Rate Change Summary

## Capital Advantage Insurance Company (CAIC) – Individual Plans

Rate request filing ID # CABC-132354933 - 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:	-15.5% <sup>1</sup>
Revised requested average rate change:	N/A <sup>1</sup>
Range of requested rate change:	-15.5% to -15.5%
Effective date:	1/1/2021
Mapped Members:	76
Available in:	Rating Areas 6, Rating Area 7, and Rating Area 9

### Key information

#### Jan. 2019-Dec. 2019 financial experience

Premiums	\$155,485
Claims	\$119,537
Administrative expenses	\$146,380
Taxes & fees	\$5,896
Company made (after taxes)	<b>\$(88,326)</b>

#### How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2020:

Claims:	77.40%
Administrative:	17.97%
Taxes & fees:	2.63%
Profit:	2.00%

The company expects its annual medical costs to increase **6.78%**.

### Explanation of requested rate change

Favorable Experience Net Risk Adjustment: -11%  
Changes in Induced Demand Calculation: -2%  
Suspension of the Health Insurer Fee: -3%  
Reinsurance Program: -6%  
Future Cost and Utilization: 7%

CAIC only offers a catastrophic plan in the Individual market. The low premium associated with catastrophic plans results in a situation where the projected claims fall below 80% of premium (premium is low but administrative expenses are the same as other Capital plans). CAIC has performed a federal MLR rebate calculation and estimates the requested premium meets the 80% MLR rule after prescribed deductions are considered.

<sup>1</sup> Note that insurers will have the opportunity to revise their rate change request in July, after they are scheduled to receive updated information about the impact of a federal program called risk adjustment. This document will be updated accordingly at that time.