

Attachment I

Rate Change Summary

Geisinger Quality Options – Small Group Plans

Rate request filing ID # GSHP-132364597 - 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:	16.5%
Revised requested average rate change:	14.3%
Range of requested rate change:	-11.0% to 22.8%
Effective date:	1/1/2021
Mapped Members:	19,397
Available in:	Rating Areas 2, 3, 5, 6, 7 and 9

Key information

Jan. 2019-Dec. 2019 financial experience

Premiums	\$ 114,199,547
Claims	\$ 108,487,961
Administrative expenses	\$ 11,290,338
Taxes & fees	\$ 894,527
Company made (after taxes)	\$ (6,473,279)

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2021:

Claims:	87.9%
Administrative:	9.3%
Taxes & fees:	0.8%
Profit:	2.0%

The company expects its annual medical costs to increase **8.23%**.

Explanation of requested rate change

Geisinger Quality Options has proposed an overall base rate increase of 14.3% for Small Group PPO members effective January 1, 2021 through December 1, 2021. The actual range of proposed rate changes vary from a minimum of -11.0% to a maximum of 22.8%. The key drivers of the increase are the changes in the normalized risk pool experience, changes in the expected morbidity of the population, and the changes to the induced demand calculation. The total projected 2021 administrative costs are slightly higher than those used for the current 2020 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 2021 to maintain the desired metallic level.