



2017 Rate Increase Justification

August 22, 2016

Written description Justifying Rate Increases Alliant Health Plans

Individual Plans

Premium rates for Alliant Health Plan's (Alliant's) IFP (individual/family) plans have increased for 2017.

Scope and range of rate increase:

All renewing IFP plans offered by Alliant in 2017 will have increased premiums overall, compared to 2016. The projected 9,739 members in Alliant's renewing non-Tobacco IFP plans will be affected by increases ranging from a 3 percent decrease, to a 27 percent increase, depending on plan geographic rating area, with an overall average increase of 18.0 percent. The Georgia Department of Insurance Rating Areas 3 and 9 have the highest increases, Rating Area 4 has the lowest increases, and Rating Areas 2, 7 10 and 13 are in the mid-range.

Financial experience of the product:

The 2017 rates are calculated based on historical experience in 2015. The 2015 claims experience was higher than anticipated originally.

2015 financial experience was heavily dependent on the federal reinsurance program; the program ends after 2016, which also contributes to the rate increase.

Alliant received a risk adjustment transfer payment to account for the fact that its individual risk pool was higher risk than originally anticipated, which offset some of the unfavorable factors.

The 2017 rates are calculated to a MLR of about 86 percent which includes 2 percent profit.

Changes in Medical Service Costs:

Medical costs and utilization across all medical service categories (Inpatient, outpatient, physician, pharmacy and other services) were higher in 2015 than 2014. This increase in medical costs and utilization is driving the projection for 2017.

Changes in Benefits:

The benefits in the plan offerings within the individual products have changed to reflect the market but within each metal category, there are still offerings.

Administrative costs and anticipated profits:

Administrative costs built into premium rates are calculated as a percent of premium. 2017 rates are calculated with a similar percent of premium for administrative expenses (about 13 percent) and profit (2 percent), as was used in 2016. A moratorium was placed on the ACA Health Insurance Provider Fee, which reduced taxes and fees (part of administrative costs) by about 2.5%.