



2018 Rate Increase Justification

October 6, 2017

Written Explanation of Rate Increase Alliant Health Plans

Individual Medical Business in Georgia

January through December 2018

Scope and range of rate increase:

The purpose of this memorandum is to request a rate increase for the Alliant Health Plans' (Alliant's) individual medical products in Georgia with effective dates of January 1, 2018 through December 31, 2018.

This justification is intended to comply with the requirements of Section 2794 of the Public Health Service Act as added by Section 1003 of the Patient Protection and Affordable Care Act. This justification may not be appropriate for purposes or scopes beyond those described above and, therefore, should not be used for other purposes.

This justification specifically addresses the rate increase requested for the SoloCare product, which impacts about 26,015 members. The average rate increase across all plans and rating regions from the most recently approved rates effective January 1, 2017 is 53.3%. The minimum and maximum rate changes are 11% and 163%, respectively. The rate change varies by benefit plan, geographic area, and age.

1. Financial experience:

Alliant's 2016 claims exceeded the revenue it collected. Table 1 includes Alliant's 2016 financial experience for its individual ACA product.

Table 1 Alliant Health Plans 2016 ACA-Compliant Experience Period Claims Summary			
	Allowed Claims	Incurred Claims	Earned Premium
Experience Rate	\$84,336,771	\$68,601,064	\$56,028,84

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2. Changes in medical service costs and trend assumptions

The projection of claims from the experience period to the effective period assumes 6.2% annual combined medical and drug trend (5.2% cost trend and 0.9% utilization trend). The trends was estimated based on historical trends, Milliman research, and actuarial judgment.

3. Changes in benefits:

The following rating factors are being revised in this rate filing: the base premium rate, rate relativities by plan, geographic factor changes, and the prescribed changes to the federal age factors.

4. Change in rating factors:

There are no changes to rating factors in this rate filing other than changes to the base premium rate, rate relativities by plan, and the prescribed changes to the federal age factors.

5. Administrative costs and anticipated profits:

Alliant's combined administrative costs and anticipated margin assumed in the 2018 pricing are higher than the assumption in the 2017 pricing. The Health Insurance Provider Fee is included for 2018 pricing due to the expiration of the 2017 moratorium. This is contributing to the rate increase. Further, due to the uncertainty of the individual market and Alliant's overall margin targets, this rate filing reflects an increase in the overall margin assumption.

6. Change in provider reimbursement:

Alliant's provider reimbursement assumptions have not changed from 2017 to 2018.

7. Federal risk adjustment program

Alliant anticipates its population's health will be similar to the Georgia market average. Therefore, Alliant is not assuming a risk adjustment payable or receiving in its 2018 pricing.

8. Changes in morbidity of population

The rate change assumes the health status (i.e. morbidity) of the population will increase 15.5%. Alliant expects the morbidity will increase primarily due to the potential non-enforcement of the individual mandate and the anticipated changes in the 2018 Georgia individual market.