

# **Attachment I**

# Rate Change Summary

## Geisinger Quality Options – Small Group Plans

Rate request filing ID # GSHP-131915683 - 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:	17.8% <sup>1</sup>
Revised requested average rate change:	18.1 <sup>1</sup>
Range of requested rate change:	15.7% - 24.2%
Effective date:	1/1/2020
Mapped Members:	16,094
Available in:	Rating Areas 2, 3, 5, 6, 7 and 9

### Key information

#### Jan. 2018-Dec. 2018 financial experience

Premiums	\$88,190,030
Claims	\$79,665,668
Administrative expenses	\$7,526,911
Taxes & fees	\$2,189,564
Company made (after taxes)	<b>-\$1,192,113</b>

#### How it plans to spend your premium

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

Claims:	86.3%
Administrative:	8.0%
Taxes & fees:	3.7%
Profit:	2.0%

The company expects its annual medical costs to increase **7.85%**.

### Explanation of requested rate change

Geisinger Quality Options has proposed an overall base rate increase of 18.1% for Small Group PPO members effective January 1, 2020 through December 1, 2020. The actual range of proposed rate increases vary from a minimum of 15.7% to a maximum of 24.2%. The key drivers of this increase are the change in base period claims and change in Network. The total projected 2020 administrative costs are slightly higher than those used for the current 2019 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 2020 to maintain the desired metallic level.

<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.