

Rate Change Summary

Keystone Health Plan East – Individual Plans

Rate request filing ID INAC-131927121 - 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:	5.4% ¹
Revised requested average rate change:	N/A ¹
Range of requested rate change:	4.0% to 6.1%
Effective date:	January 1, 2020
People impacted:	141,079
Available in:	Area 8

Key information

Jan. 2018-Dec. 2018 financial experience

Premiums	\$1,079,731,654
Claims	\$709,768,606
Administrative expenses	\$128,518,715
Taxes & fees	\$103,709,776
Company made (after taxes)	\$137,734,557

How it plans to spend your premium

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

Claims:	79%
Administrative:	14%
Taxes & fees:	5%
Profit:	2%

The company expects its annual medical costs to increase **4.1%**.

Explanation of requested rate change

Keystone Health Plan East ("KHPE") is revising premium rates for the Pennsylvania Consumer ACA compliant products, effective from January 1, 2020.

About 141,000 members will be affected.

Changes in Taxes and Fees:

The Federal government suspended the Health Insurance Providers Fee for premiums due in 2019, but will be re-implementing it for premiums due in 2020. This adds 3.4% to 2020 premium rates.

¹ 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.

Changes in Medical Service Costs:

Premium rates for health care insurance are increasing as the cost of health care services rise. Health care service costs increase as health care providers increase their fees, members use more health care services and supplies, and the types of health care services and supplies change, among other factors.

Financial Experience of the Product:

KHPE is required by federal law to pay out a minimum of 80% percent of premium dollars for medical claims—this is referred to as the minimum Medical Loss Ratio (MLR). The rate action proposed in this filing is expected to achieve a Medical Loss Ratio of greater than 80% using the state's estimates for individual mandate and CSRs not being funded.

Changes in Benefits:

Some plan benefits are mandated by federal and state law. Benefit changes for some plans were also made. All changes in benefits are in compliance with the uniform modifications rules stipulated by the Federal government.

Administrative Costs:

In addition, the Affordable Care Act (ACA) imposes taxes and other levies.