



HCSC, dba BlueCross BlueShield of Montana – Individual Plans

This document is prepared by the Montana Office of the Commissioner of Securities and Insurance 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 complete Part II Justification for the proposed rate increase at csimt.gov.

Overview

Requested average rate change: 62.1 %
 Range of requested rate change: 40 % - 108 %
 Effective date: 01/01/2017
 People impacted: 55,000 *

Average Annual Rate Change for All Plans

Product Name	Product ID	Average Rate Increase
Blue Preferred	30751MT055	63.5%
Blue Focus	30751MT065	51.4%
MSP Blue	30751MT057	60.7%
Total		62.1%

Other changes in allowable rating factors such as age and tobacco use (if applicable) may also impact the premium amount and vary by individual.

**These increases do not reflect the application of premium tax credits. The impact of these rate increases will be substantially eliminated or reduced for individuals receiving premium tax credits.*

Key information

Jan. 2015-Dec. 2015 financial experience

Premiums	\$174.7M
Claims**	\$220.6M
Loss Ratio	126.3 %

** Anticipated repayment of cost sharing reductions have been deducted from this Amount.

*** Administrative cost includes agent commissions and exchange fees.

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2017:

Claims:	80.6%
Administrative: ***	10.6%
Taxes & fees:	2.8%
Profit:	6%

Explanation of requested rate change

The expected average annual medical and prescription drug trend is 8.8 %.

- Pricing is driven by claims experience and the anticipated health care costs of the members in each line of business. The main driver of the increase in the proposed rates is that the actual claims experience of the members in these Individual ACA metallic policies was significantly higher than expected.
- The medical and prescription drug trend increased from last year (costs are higher).
- There are no legally required changes to covered benefits and no significant changes to the benefit structure.
- Changes to cost sharing were made to some plans within these products allowing these plans to maintain their metallic status.