



## PacificSource Health Plans– Small Employer Group 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](http://csimt.gov). The Part II will show rate increases for terminated plans (mapped to a new plan design) and rates increases for the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> quarters.

### Overview

Requested average rate change:	6.5 %*
Range of requested rate change:	2.7 – 10.8 %
Effective date:	01/01/2017
People impacted:	7500

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 annual rate increases are for plans that renew in the first quarter of 2017 only. Increases for terminating plans and for later quarters will be different.*

### Key information

#### Jan. 2015–Dec. 2015 financial experience

Premiums	\$39M
Claims	\$34.9M
Loss Ratio	89.4 %

\*\* *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:	86.5%
Administrative: **	10.3%
Taxes & fees:	0.2%
Profit:	3.0 %

### Explanation of requested rate change

**The expected average annual medical and prescription drug trend is 6.7 %.**

- The increase in rates from 2016 to 2017 is primarily driven by changes in medical service and pharmacy costs and worse than expected claims experience.
- Members who are on plans which will be discontinued will be mapped to new plans, which will have new cost sharing parameters and may be in different networks. Overall, members are projected to be on plans which will cover slightly less of their expected medical costs in 2017 than their existing plans would have. These adjustments to cost sharing place members on plans which are negative 1.1 percent less expensive than their existing plans would be in 2017, on average.