

PacificSource Health Plans
Part II Justification for Proposed Rate Increase
Individual Health Benefit Plans
Rate Effective Date 1/1/2021

Scope and Range of the Rate Increase

There are approximately 12,000 members that are potentially affected by the requested rate change. Prior to the impact of changes in network, premium changes will vary between 1.3 percent and 10.2 percent, averaging 6.8 percent. Including the impact of changes in network, premium changes will vary between negative 6.3 percent and 10.2 percent, averaging 5.0 percent. The variation in premium increases is due to adjustments to geographic factors, as well as the impact of mapping members to new plans and networks.

Financial experience of the product

Over the calendar year 2019, the Montana Individual block earned an estimated 83.6 million dollars in risk adjusted premium and incurred an estimated 68.2 million dollars in claims, for a medical claims rate of 81.5 percent. With the proposed rate increase, PacificSource projects that the Montana Individual block will earn 85.7 million dollars in premium in 2021 and incur approximately 74.2 million dollars in claims, for a medical claims rate of 86.6 percent.

Changes in Medical Service Costs

Medical service costs increase each year, and utilization of services also changes. To account for these changes, medical trend of 3.8 percent and drug trend of 8.5 percent are used.

Changes in benefits

Some plans will see increases in deductibles or out-of-pocket maximums in 2021. These changes help offset the required premium increase.

Administrative costs and anticipated margins

Administrative costs do not have a significant effect on the rate increase. Targeted margin has been reduced compared to the prior filing, offsetting the required increase. The return of the PCORI adds to the rate increase but the elimination of the health insurer fee helps offset the required premium increase.