

PacificSource Health Plans
URR Part II: Written Description Justifying the Rate Increase
Small Group Health Benefit Plans
Rate Effective Date 1/1/2021

Scope and range of the rate increase

There are approximately 17,500 members that are potentially affected by the requested 3.7 percent rate increase, with increases that range from negative 2.3 percent to 8.4 percent. The range in premium impacts is driven by changes in geographic factors, as well as plan specific adjustments.

Financial experience of the product

Over the calendar year 2019, the Montana Small Group block earned an estimated 95.2 million dollars in risk adjusted premium and incurred an estimated 83.1 million dollars in claims, for a medical claims rate of 87.3 percent. With the proposed rate increase, PacificSource projects that the Montana small group block will earn 98.3 million dollars in premium in 2021 and incur approximately 83.8 million dollars in claims, for a medical claims rate of 85.3 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, copays, or out-of-pocket maximums in 2021. These benefit changes are in part to comply with federal regulations that the actuarial value of each plan be within a specified range for each metal level.

Administrative costs and anticipated margins

Administrative costs and anticipated margins do not have a significant effect on the rate change. The return of the PCORI adds to the rate increase but the elimination of the health insurer fee helps offset the required premium increase.