

PacificSource Health Plans
URR Part II
Individual Health Benefit Plans
Rate Effective Date 1/1/2018

Scope and Range of the Rate Increase

There are approximately 12,000 members that are potentially affected by the requested 7.4 percent rate increase, with increases that range from 3.2 percent to 62.6 percent. The range in premium impacts is driven by changes in age factors, geographic factors, as well as changes in member cost share.

Financial experience of the product

Over the calendar year 2016, the Montana Individual block earned an estimated 42.5 million dollars in risk adjusted premium and incurred an estimated 52.4 million dollars in claims, for a medical claims rate of 123.3 percent. With the proposed rate increase, PacificSource projects that the Montana Individual block will earn 87.3 million dollars in premium in 2018 and incur approximately 74.6 million dollars in claims, for a medical claims rate of 85.4 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 5.8 percent and drug trend of 6.5 percent are used.

Changes in benefits

Changes in member cost sharing will help reduce rates in 2018, but the impact is small. 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 increase. However, the return of the Health Insurance Industry fee in 2018 adds to the rate increase.