



HCSC, dba BlueCross BlueShield of Montana – 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. The Part II will show rate increases for terminated plans (mapped to a new plan design) and rates increases for the 2nd, 3rd, and 4th quarters.

Overview

Requested average rate change:	32.1 %*
Range of requested rate change:	10.4 - 69.5 %
Effective date:	01/01/2017
People impacted:	39,000

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 are for renewing plans for the first quarter of 2017 only.*

Key information

Jan. 2015-Dec. 2015 financial experience

Premiums	\$143.9M
Claims	\$128.2M
Loss Ratio	89 %

** *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:	84.1%
Administrative: **	7.9%
Taxes & fees:	3 %
Profit:	5 %

Explanation of requested rate change

The expected average annual medical and prescription drug trend is 9.3 %.

- 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.
- 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.