



Montana Health CO-OP – Individual Plans

This document is prepared by the Montana Office of the Commissioner of Insurance and Securities 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.

Overview

Requested average rate change: 22 %
 Range of requested rate change: 14 % - 38 %*
 Effective date: 01/01/2017
 People impacted: 15,000

Average Annual Rate Change for All Plans

Product Name	Average Rate Increase
Access Care	30 %
Connected Care	22 %
Catastrophic	18 %
Total	22 %

**These increases do not reflect the application of premium tax credits. The impact of these rate increases will be substantially eliminated or reduced for individuals receiving premium tax credits.*

Key information

Jan. 2015-Dec. 2015 financial experience

Premiums	\$73.5M
Claims**	\$102M
Loss Ratio	139 %

** Administrative cost includes agent commissions and exchange fees.

*** Anticipated repayment of cost sharing reductions have been deducted from this amount.

How it plans to spend your premium

This is how the insurance company plans to spend the premium it collects in 2017:

Claims:	84%
Administrative:***	10%
Taxes & fees:	3%
Profit:	3%

Explanation of requested rate change

The aggregate Rx and medical trend projected for 2017 is 8 %.

- There were no changes in benefits being offered. Plan designs were adjusted with assumed medical and Rx trend so that there was no significant impact on the rates due to plan design changes.
- The federal transitional reinsurance program is a temporary program that ends in 2016. Since this program is not expected to continue in 2017, we assume that reinsurance contributions and reinsurance recoveries will be zero. This increases premiums by 5%.
- Average allowed costs represent all claims paid by MHC and MHC's members for services covered by MHC's plans. MHC's average allowed medical costs increased by 11% from the 2014 experience period used in 2016 pricing to the 2015 experience period used for 2017 pricing.