

## Understanding Your 2017 Health Plan Rate

District of Columbia residents or people who work in the District can obtain comprehensive major medical health insurance through one of three sources:

- Government programs (e.g., Medicare, Medicaid, Healthcare Alliance);
- Individually purchased insurance; or
- Employer provided health insurance (generally employer plans are differentiated between small group plans (employers with 50 or less employees) and large group plans (employers with more than 50 employees)).

Individual and small group plans provided in the District of Columbia are sold exclusively through DC Health Link (<https://dchealthlink.com>), the District of Columbia's health care exchange established by the Affordable Care Act (ACA).

In order to assist consumers with comparing insurance plans, the ACA requires all individual and small group plans to be classified based on an "Actuarial Value" calculation. The actuarial value categorizes insurance plans by value of the benefits provided as well as out-of-pocket costs. Thus, plans with a higher actuarial value are expected to have lower out-of-pocket costs, but higher premiums. Plans are categorized by a "metal" level as follows:

- Platinum – actuarial value of 90%
- Gold – actuarial value of 80%
- Silver – actuarial value of 70%
- Bronze – actuarial value of 60%

Each year, the District of Columbia Department of Insurance, Securities and Banking (DISB) reviews the rates for individual and small group comprehensive major medical plans subject to the ACA for the following calendar year. DISB reviews the rates for each plan to determine whether insurance rate increases/decreases requested by health insurance companies should be approved as filed, modified before approval, or disapproved.

District law requires DISB to only approve rates if they meet the following standard: rates shall not be excessive, inadequate or unfairly discriminatory. Under that standard, DISB reviews each insurance company's process for developing its requested rates to determine if the requested change in insurance rates is justified – that is not excessive, inadequate or unfairly discriminatory. If they are justified, DISB will approve the new rates. During the review, DISB looks at: (1) past experience (e.g., the amount of insurance used by consumers and the cost of the medical benefits provided to consumers); and (2) future assumptions (e.g., cost of medical care, revenue, administrative costs and amount of benefits used).

For 2017, there are two insurers offering comprehensive major medical plans to individuals in the District – CareFirst and Kaiser. CareFirst has one company offering PPO plans (GHMSI) and one company offering HMO plans (CareFirst BlueChoice). Kaiser only offers HMO plans. In the small group market, there are four insurers offering plans through eight companies. In addition to the three companies above, which also offer small group plans, Aetna offers PPO plans through Aetna Life and HMO plans through Aetna Health, and United Healthcare offers PPO plans through United Healthcare Insurance Company and HMO plans through two companies - UnitedHealthcare of the Mid-Atlantic and Optimum Choice.

DISB has completed its review of the 2017 rates. The companies adjusted their requests pursuant to requests from DISB where DISB found that certain increases were not justified. The final approved rates for all insurance plans range from plans with an average decrease of 2.2% to an average rate increase of 22.8%.

In addition, consumers should note that CareFirst eliminated its individual Health Savings Account (HSA) plans for 2017. If the consumer does not make another plan choice during open enrollment, those current HSA plan holders will be moved into the most similar plan. This change could result in a premium increase as much as 75%. However, consumers with this new plan should take into consideration that they no longer will have to make contributions to an HSA plan, which offsets some of the increase, and that their new plan has a higher benefit value.

Some consumers may be able to mitigate the increases if they qualify for subsidies under the ACA. Consumers can go to DC Health Link (<https://dchealthlink.com>) to determine their eligibility for a subsidy.

The rates approved by DISB have been transferred to DC Health Link in preparation for open enrollment that begins on November 1, 2016. For more information about the approved 2017 health insurance plan rates including the rate filings and [sample rates](#), visit [disb.dc.gov/2017rates](http://disb.dc.gov/2017rates) or [follow this link](#).

The following tables provide a summary of changes to the rates for each of the insurance carriers by market (individual/small group).

## 2017 Individual Plans

<b>CareFirst PPO rates (GHMSI)</b>	
Overall Rate Increase	1.8%
Approximate members	6,200
Number of 2017 Plans	4
Changes in Plan Offerings	Dropped 2 Multistate Plans
Largest Increase	Silver 17.6%
Smallest Increase	Platinum -6.2%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services (“Trend”)</li> <li>2. Completion of the transitional reinsurance program</li> <li>3. Decrease in expected risk adjustment transfer payments</li> <li>4. Changes in the assumed induced utilization between metal tiers</li> </ol>	

<b>CareFirst HMO rates (CareFirst BlueChoice)</b>	
Overall Rate Increase	22.8%
Approximate members	8,800
Number of 2017 Plans	5
Changes in Plan Offerings from 2016	Dropped 3 HSA plans (2 Bronze, 1 Silver) and 1 Gold plan
Largest Increase	Bronze 74.6%
Smallest Increase	Platinum 4.3%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services (“Trend”)</li> <li>2. Completion of the transitional reinsurance program</li> <li>3. Increase in expected risk adjustment transfer payments</li> <li>4. Changes in the assumed induced utilization between metal tiers</li> <li>5. Change from an aggressive utilization impact factor for HSA plans to a more typical approach</li> <li>6. Elimination of HSA plans which assumes those subscribers move to higher premium plans. Premium percentage increase does not reflect HSA contributions, so it distorts the impact of premium increase</li> </ol>	

<b>Kaiser HMO rates</b>	
Overall Rate Increase	12.0%
Approximate members	2,500
Number of 2017 Plans	11
Changes in Plan Offerings from 2016	None
Largest Increase	Platinum 14.2%
Smallest Increase	Gold 9.5%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Increase in expected risk adjustment transfer payments</li> </ol>	

## 2017 Small Group Rates

<b>CareFirst PPO rates (GHMSI)</b>	
Overall Rate Increase	-2.2%
Approximate members	33,000
Number of 2017 Plans	15
Changes in Plan Offerings from 2016	Added 1 new Silver plan
Largest Increase	Silver 5.8%
Smallest Increase	Silver -9.6%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services ("Trend")</li> <li>2. Decrease in administration expense</li> <li>3. Changes in the assumed induced utilization between metal tiers</li> </ol>	

<b>CareFirst HMO rates (CareFirst BlueChoice)</b>	
Overall Rate Increase	3.3%
Approximate members	37,000
Number of 2017 Plans	45
Changes in Plan Offerings from 2016	Added 6 new plans - 1 Bronze, 3 Silver and 2 Gold
Largest Increase	Bronze 17.1%
Smallest Increase	Platinum -0.3%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services ("Trend")</li> <li>2. Increase in expected risk adjustment transfer payments</li> <li>3. Changes in the assumed induced utilization between metal tiers</li> </ol>	

<b>Kaiser HMO rates</b>	
Overall Rate Increase	2.0%
Approximate members	4,000
Number of 2017 Plans	23
Changes in Plan Offerings from 2016	Dropped 1 Bronze plan
Largest Increase	Platinum 2.6%
Smallest Increase	Bronze -3.3%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Increase in expected risk adjustment transfer payments</li> </ol>	

## 2017 Small Group Rates, Cont.

<b>Optimum Choice HMO rates (UnitedHealthcare)</b>	
Overall Rate Increase	-1.8%
Approximate members	1,100
Number of 2017 Plans	7
Changes in Plan Offerings from 2016	None
Largest Increase	5.8% Silver
Smallest Increase	-7.6% Gold
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services ("Trend")</li> <li>2. Updated membership assumptions</li> <li>3. Increase in expected risk adjustment transfer payments</li> <li>4. Favorable claims experience</li> </ol>	

<b>UnitedHealthCare of the Mid-Atlantic HMO rates</b>	
Overall Rate Increase	7.0%
Approximate members	20
Number of 2017 Plans	10
Changes in Plan Offerings from 2016	Added 4 new plans – 2 Silver & 2 Gold
Largest Increase	Silver 5.8%
Smallest Increase	Gold 1.0%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services ("Trend")</li> <li>2. Updated membership assumptions</li> <li>3. Increase in expected risk adjustment transfer payments</li> </ol>	

<b>UnitedHealthCare Insurance Company PPO rates</b>	
Overall Rate Increase	-1.8%
Approximate members	7,700
Number of 2017 Plans	30
Changes in Plan Offerings from 2016	Added 2 new plans – 1 Silver and 1 Gold
Largest Increase	Silver 5.8%
Smallest Increase	Silver -7.4%
Factors affecting rates: <ol style="list-style-type: none"> <li>1. Change in cost and utilization of services ("Trend")</li> <li>2. Updated membership assumptions</li> <li>3. Increase in expected risk adjustment transfer payments</li> <li>4. Favorable claims experience</li> </ol>	

<b>Aetna Health Insurance Company HMO rates</b>	
Overall Rate Increase	9.1%
Approximate members	350
Number of 2017 Plans	11
Changes in Plan Offerings from 2016	Added 4 plans and dropped 2 plans
Largest Increase	Gold 11.0%
Smallest Increase	Silver -5.8%
Factors affecting rates:	
1. Change in cost and utilization of services ("Trend")	

<b>Aetna Life Insurance Company PPO rates</b>	
Overall Rate Increase	3.1%
Approximate members	280
Number of 2017 Plans	10
Changes in Plan Offerings from 2016	Added 3 plans and dropped 2 plans
Largest Increase	Gold 5.0%
Smallest Increase	Silver -9.4%
Factors affecting rates:	
1. Change in cost and utilization of services ("Trend")	

## **More Information**

The District Department of Insurance, Securities and Banking has two missions: to fairly and efficiently regulate financial services in order to protect the people of the District of Columbia; and to attract and retain financial-services businesses to the District. Visit us on the web at [disb.dc.gov](http://disb.dc.gov).

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