

SERFF Tracking #:

AETN-131521698

State Tracking #:

Company Tracking #:

DCALICSG2019

State:

District of Columbia

Filing Company:

Aetna Life Insurance Company

TOI/Sub-TOI:

H15G Group Health - Hospital/Surgical/Medical Expense/H15G.003 Small Group Only

Product Name:

DC ALIC PPO SG 2019

Project Name/Number:

2019 Exchanges - Aetna/ALIC

Supporting Document Schedules

Satisfied - Item:	Consumer Disclosure Form
Comments:	
Attachment(s):	DC SG -ALIC Part II Consumer Disclosure 1Q2019.pdf
Item Status:	
Status Date:	

**Aetna Life Insurance Company
D.C. Small Group
PPO Products**

Summary

Aetna Health Inc. has filed 2019 premium rates for small group plans in the District of Columbia.

Who is affected?

Policies that renew in 2019 in the following products will be affected:

<u>Product Name</u>	<u># Current Members</u>	<u>Range of Increases</u>
Aetna Life Insurance Company	853	15.4% - 24.7%, 23.2% Average

2019 Premium rates for members in the above products will increase by 15.4% - 24.7% in plans listed for Aetna Health Maintenance Organization. Increases are determined by the member's plan and rating area in which they are located.

Why We Need to Increase Premiums

In 2017, Aetna's financial results were worse than the level required for long-term stability in the Small Group market.

Medical costs are going up and we are changing our rates to reflect this increase. We expect medical costs to go up 11.0%. Medical costs go up mainly for two reasons – providers raise their prices and members get more medical care.

For Small Employers in the District of Columbia, some examples of increasing medical costs we have experienced in the last 12 months include:

- The cost for an inpatient hospital admission has increased 6.4%
- The cost for pharmacy prescriptions have gone up 9.3%
- Use for physician service has increased 6.0%

What Else Affects Our Request to Increase Premiums

Our estimate of average population health and the expected risk adjustment transfers for Affordable Care Act (ACA) products have changed to reflect new data on market average premiums and population health. Small groups purchasing insurance in the market place are sicker than we initially anticipated. Population risk is also affected by the movement of business between the ACA market and other options as well as among other carriers in the marketplace. These changes are expected to increase costs by 2.1%.

Will Premiums for All Individuals Increase 23.2%?

No, Increases differ by plan. Some premiums will increase by less than average or even go down. Others will increase by more than the average.

The exact rate change will depend on what benefit plan the individual chooses, when the member's group contract renews, the age and family size and age for enrolling employees, and employer contributions.

How does this request align to Minimum Loss Ratio Requirements (MLR)?

Non-claim costs are also going up. The Federal Health Insurers Fee has been reinstated after a reprieve in 2017. Some costs, such as operating our IT systems, complying with reporting requirements, and managing our business remain fixed, and are now being spread across fewer members, resulting in higher administrative costs. Aetna will only charge members for the portion of administrative costs that enable plans to still meet the 80% Minimum Loss Ratio requirement.

These rates are expected to produce an MLR equal to or above the 80% requirement for small group business. Under the ACA, at least 80% of the premiums collected by health plans are expected to pay for medical care and activities that improve health care quality for members. If the actual MLR turns out to be less than 80%, rebates will be issued to members in accordance with the law.

Aetna makes significant investments that benefit our members that the government does not allow us to use in this calculation. These investments include customer service, health quality activities like disease management programs, and the development of new information technologies.

What is Aetna doing to keep premiums affordable?

Aetna is taking a number of steps to keep our products as affordable as possible and to address the underlying cost of health care. These actions include:

- Developing new agreements, arrangements, and partnerships with health care providers that base provider compensation on the quality of care and not the quantity of services.
- Creating medical management programs that address potential health issues for members earlier, improving health outcomes and reducing the need for high-cost health care services.
- Working to reduce the ability of out-of-network providers to collect unreasonably excessive payments for services they provide.

Aetna is dedicated to increasing transparency within the health care system and helping members best utilize the plans that they have. Members can access Aetna Navigator, a secure member website, which allows them to research their specific plan benefits, health care providers in a given area, and in some locations, the cost of certain health care services. Additionally, Aetna's DocFind directory helps members locate in-network doctors and hospitals to save money on their care. The Aetna Navigator streamlined mobile app is also available to allow members to take their care on the go.

Also, Aetna's Plan for Your Health website aims to educate all consumers on how to take advantage of their health care benefits.