SERFF Tracking #:	*AETN-132353171*	***State Tracking #:***		***Company Tracking #:***	*DCALICSG2021*

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 2021*		
Project Name/Number:	*2021 Exchanges - Aetna/ALIC*		

Supporting Document Schedules

Satisfied - Item:	District of Columbia Plain Language Summary
Comments:	
Attachment(s):	DISB Plain Language Summary - ALIC - 1Q2021.pdf
Item Status:	
Status Date:	

Rate Filing Justification Part II (Plain Language Summary)

Pursuant to 45 CFR 154.215, health insurance issuers are required to file Rate Filing Justifications. Part II of the Rate Filing Justification for rate increases and new submissions must contain a written description that includes a simple and brief narrative describing the data and assumptions that were used to develop the proposed rates. The Part II template below must be filled out and uploaded as an Adobe PDF file under the Consumer Disclosure Form section of the Supporting Documentation tab.

Name of Company	Aetna Life Insurance Company
SERFF tracking number	AETN-132353171
Submission Date	May 1, 2020
Product Name	DC ALIC PPO SG 2021
Market Type	○ Individual ◉ Small Group
Rate Filing Type	◉ Rate Increase ○ New Filing

Scope and Range of the Increase:

The 38.0% increase is requested because:

Rates are updated to reflect the impact of medical trend, revisions to our assumptions about population morbidity and projected population, changes in cost sharing levels to ensure compliance with Actuarial Value requirements, and changes in provider networks and contracts.

This filing will impact:

# of policyholder's 285 # of covered lives 444

The average, minimum and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved 38.0%
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved 36.3%
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved 43.5%

Individuals within the group may vary from the aggregate of the above increase components as a result of:

The 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.

Financial Experience of Product

The overall financial experience of the product includes:

The 2019 experience generated by the plans offered under this product produced a loss ratio that was unfavorable to the target loss ratio before and after risk adjustment. Due to the low volume of members that have enrolled in these plans the 2019 experience is not credible.

The rate increase will affect the projected financial experience of the product by:

The rate revision is not expected to impact the profitability of the product. That is, the target profit margin is unchanged

Components of Increase

The request is made up of the following components:

Trend Increases – 34.1 % of the 38.0 % total filed increase

1. Medical Utilization Changes –Defined as the increase in total plan claim costs not attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts. Examples include changes in the mix of services utilized, or an increase/decrease in the frequency of service utilization.

   This component is 18.9 % of the 38.0 % total filed increase.

2. Medical Price Changes – Defined as the increase in total plan claim costs attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts.

   This component is 15.2 % of the 38.0 % total filed increase.

Other Increases – 65.8 % of the 38.0 % total filed increase

1. Medical Benefit Changes Required by Law – Defined as any new mandated plan benefit changes, as mandated by either State or Federal Regulation.

   This component is 2.51 % of the 38.0 % total filed increase.

2. Medical Benefit Changes Not Required by Law – Defined as changes in plan benefit design made by the company, which are not required by either State or Federal Regulation.

   This component is 0 % of the 38.0 % total filed increase.

3. Changes to Administration Costs – Defined as increases in the costs of providing insurance coverage. Examples include claims payment expenses, distribution costs, taxes, and general business expenses such as rent, salaries, and overhead.

   This component is 0.44 % of the 38.0 % total filed increase.

4. Changes to Profit Margin – Defined as increases to company surplus or changes as an additional margin to cover the risk of the company.

   This component is 0.0 % of the 38.0 % total filed increase.

5. Other – Defined as:

   Changes in commission, benefit slope, risk adjustment, provider contracting, experience and population risk.

   This component is 62.8 % of the 38.0 % total filed increase.