Supporting Document Schedules

Satisfied - Item:	District of Columbia Plain Language Summary
Comments:	
Attachment(s):	Part_II_Justification_DC_IVL_2024.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: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc

SERFF tracking number: KPMA-133625783

Submission Date: 4/28/2023

Product Name: Individual HMO On Exchange

Market Type: (●) Individual ( ) Small Group

Rate Filing Type: (●) Rate Increase ( ) New Filing

Scope and Range of the Increase:

The 12.0% increase is requested because:

Primary factors affecting the rate change are:
• Claims experience of the single risk pool different than projected in the previous year.
• Increases in medical inflation.
• Changes in population morbidity and demographic make-up of the pool.
• Risk adjustment transfer payments into the district-wide risk adjustment pool.
• Benefit plan design adjustments, including those made to comply with Actuarial Value ("AV") requirements which results in varying rate changes by plan.
• Federal and District taxes and fees

This filing will impact:

# of policyholder's 1,269 # of covered lives 2,509

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 12.0 %
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved 9.4 %
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved 14.5 %

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

Individual increases vary from the average rate change primarily due to plan specific rate changes and recognition that a member is a year older.

Financial Experience of Product

The overall financial experience of the product includes:

For the 2022 experience period, Kaiser lost $6.3 million dollars on $15.1 million dollars of premium on the Individual pool. This is equivalent to a margin of -41.8%. The estimated net medical expense and risk adjustment incurred is $19.7 million dollars. Other estimated expenses for administration, taxes and fees are $1.7 million.

The rate increase will affect the projected financial experience of the product by:
The proposed rate change combined with anticipated changes in medical expense, administration, taxes and fees is expected to result in a margin of -28.8% for the projection period.

Components of Increase

The request is made up of the following components:

Trend Increases – 6.0 % of the 12.0 % 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 n/a % of the 12.0 % 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 n/a % of the 12.0 % total filed increase.

Other Increases – % of the % 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 0.0% % of the 12.0 % 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 1.07 % of the 12.0 % 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 1.17 % of the 12.0 % 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 3.8 % of the 12.0 % total filed increase.

5. Other – Defined as:

   This component is 0.0% % of the 12.0 % total filed increase.