

Scope and Range of the Rate Proposal

SSM Health Plan (SHP) is proposing a rate change for individual market Affordable Care Act (ACA) coverage beginning January 1, 2024. The proposed average rate change is +22.21% and will impact an estimated 722 members. This rate change will impact members differently depending on the specific member's chosen benefits.

SHP Financial Experience

SHP first offered insurance coverage in Illinois in 2021. In 2022, SHP collected nearly \$5 million in premium, from which SHP used 79% to pay for member medical care and services.

Primary Components of Proposed Rates

- Anticipated payments to care providers for healthcare: Most of the total premium is allocated to pay for member medical care. These payments for services include, amongst other items, payments to physicians for office visits, to hospital facilities for overnight inpatient stays and outpatient services, and to pharmacies for member prescription drugs. This component of costs is referred to as the “loss ratio”, and accounts for 94% of premium. (The “loss ratio” means that 94 cents of every premium dollar is expected to be spent on this medical care cost)
- Benefit changes: SHP offers a multiple benefit plan options, each with differing cost-sharing (i.e. member payments towards deductibles, copayments, etc.). This variation in cost-sharing leads to differing premiums by benefit plan.
- Required payments for government taxes and fees: SHP is required to pay taxes and fees to federal and state government as required by law, for which we anticipate paying nearly 3% of total premium dollars.
- Internal SHP administrative expenses*: The majority of administrative expenses include employee salaries and benefits, commissions paid to agents. For 2024, SHP expects to spend 8% of premium on these expenses.
- Margin and Surplus: SHP expects to pay more in payments for healthcare, payments for government taxes and fees, and to pay for internal SHP administrative expenses than it expects to receive in premiums. In total, SHP expects to have a financial loss equaling 5% of premium in 2024.

*administrative expenses are required day to day costs to run an insurance company (other than paying for medical services required by members)