

Federal Rate Filing Justification Part II

Written Description Justifying the Rate Increase

Ascension Personalized Care
Individual On and Off Exchange Plan
Rate Change Effective January 1, 2024

Scope and Range of the Rate Increase

The proposed overall rate change for the Ascension Personalized Care (APC) Individual plans offered by US Health and Life (USHL) both on and off the marketplace is 13% based on the current enrollment for 2023. The rate increases vary by plan, ranging from 11% to 16%. A subscriber's actual rate increase could differ depending on the plan, rating area, age characteristics, dependent coverage, and other factors.

Financial Experience of the Product

In 2022, there were 2,770 members enrolled in APC Individual health insurance plans in Kansas, on average. As of April 2023, there were 3,440 members enrolled in the APC Individual health insurance plans. For the 2022 Benefit Year, the ratio of incurred claims to premium after risk adjustment transfers was 85.4%. When including the non-benefit expenses paid to operate the product (administrative expenses, commissions, taxes and fees), the health plan experienced a net operating income loss in 2022.

- Earned Premium (a): \$18,812,680
- Projected Risk Adjustment (b): -\$8,033,768
- Incurred Claims (c): \$8,031,076
- Loss Ratio (d) = $[(c) - (b)] / (a)$: 85.4%

Primary Factors for Rate Increase

The increase in premiums is necessary to ensure financial stability of the plan and allow USHL to continue to serve its members in Kansas and meet its contractual obligations.

Primary drivers include:

- Higher than expected increase in annual cost of healthcare, driven by increased utilization of services and per unit cost of services, particularly for pharmacy claims
- Increased utilization of Out-Of-Network services
- Higher than projected enrollment in the Cost Sharing Reduction Plans, resulting in a need for higher premiums to cover reduced member copays, deductibles and coinsurance
- Higher than anticipated payments to the Department of Health and Human services (HHS) to cover plan liabilities of the federal Risk Adjustment Program