Attachment 1

2019 ACA-Compliant
Health Insurance Rate Filing Guidance

Pennsylvania Insurance Department

May 21, 2018

Highmark, Inc. – Small Group Plans

Rate request filing ID # **HGHM-131496088**- This document is prepared by the insurance company submitting the rate filing as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. For more information, see the filing at http://www.insurance.pa.gov/Consumers/ACARelatedFilings/

Overview

Initial requested average rate change: 19.89%[1]
Revised requested average rate change: N/A[1]
Range of requested rate change: 17.2% to 26.4%
Effective date: January 1, 2019
People impacted: 11,271
Available in: Regions 1, 2, 4, 5, 6

Key information

Jan. 2017-Dec. 2017 financial experience

Premiums	$62,371,611
Claims	$60,433,021
Administrative expenses	$7,497,085
Taxes & fees	$57,084
Company made (after taxes)	**($5,615,579)**

The company expects its annual medical costs to increase **9.4%**.

How it plans to spend your premium
This is how the insurance company plans to spend the premium it collects in 2019:

Claims:	87.92**%**
Administrative:	10.88**%**
Taxes & fees:	1.20%
Profit:	0.00**%**

Explanation of requested rate change

The proposed increases are being driven by rising medical care costs, which are expected to continue through the remainder of 2018 and throughout 2019 as a result of both higher utilization and the increasing cost of healthcare services, and the underlying morbidity of the population within Highmark's ACA products.

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[1] Note that insurers will have the opportunity to revise their rate change request in July, after they are scheduled to receive updated information about the impact of a federal program called risk adjustment. This document will be updated accordingly at that time.