EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	**Independent Health Benefits Corporation**
NAIC Code:	**47034**
SERFF Tracking #:	**NDPD-133642394**
Market Segment:	**Small Group**

Summary

Independent Health Benefits Corporation (IHBC) is requesting a premium rate change for its community-rated Small Group Market products effective January 1, 2024. As described in more detail below, IHBC is seeking an overall rate change of 16.8% in 2024, primarily due to increased costs due to inflation and changes in risk adjustment.

These proposed rate adjustments will be submitted to the New York State Department of Financial Services on or about May 10, 2023. You will be notified of the final approved premium adjustment at least 60 days prior to your effective date of renewal.

Based on membership as of March 2023, 27,023 policyholders and 46,960 members may be affected by this proposed rate adjustment.

Claim Expense Trends

Premium rates tend to rise each year because of the normal inflation of healthcare claim costs. Moreover, in addition to cost increases, utilization of healthcare services also tends to rise as new technologies, services, and prescription drugs are introduced to the marketplace.

For 2024, IHBC is projecting an overall claim expense trend of 6.6%. All else being equal, this would require a corresponding premium rate increase to keep pace with costs. However, because of other factors, IHBC is requesting a rate change ***higher*** than the overall claim expense trend.

How Your Premium Dollars are Spent

In 2024, IHBC projects that approximately 85.3% of every premium dollar will be spent on paying claim expenses. This is above the statutory minimum requirement of 82.0%. The remainder of each premium dollar will be used to cover ACA fees, administrative expenses, and contribution to margin:

(1) *ACA Taxes & Fees*. The provision included in the 2024 premium rates is as follows:

- Risk Adjustment User Fee: $0.21 Per Member, Per Month
- PCORI Fee: $0.25 Per Member, Per Month

- For example, if a member is enrolled in a plan for the entire year, then IHBC is required to pay the following amounts:
    - Risk Adjustment User Fee = $2.52 ($0.21 per month for 12 months)
    - PCORI Fee = $3.03 ($0.25 per month for 12 months)
- How the ACA Taxes & Fees changed from last year:
    - The Risk Adjustment User Fee decreased by $0.01 Per Member, Per Month from what was included in the 2023 premium
    - The PCORI Fee remains the same as what was included in the 2023 premium

(2) *Administrative Expenses*. In 2024 approximately 12.4% of every premium dollar will be spent on administrative expenses, which cover (among other things) activities such as customer service and claims processing and payment. State-mandated assessments used to fund the operations of the Department of Financial Services (DFS), which regulates insurance carriers in New York State, as well as the New York State Department of Health, which oversees the health plan marketplace, are also included as part of administrative expenses.

(3) *Contribution to Reserves*. All insurance carriers in New York must maintain sufficient cash reserves necessary to meet solvency requirements. In 2024, approximately 2% of each premium dollar will be earmarked for contribution to these "rainy day" funds.

Risk Adjustment

The ACA introduced several provisions, commonly referred to as the "3Rs" (reinsurance, risk adjustment, and risk corridors), designed to help level the playing field among insurers and promote competition based on quality and efficiency. Under the risk adjustment provision, insurance carriers which cover a population that is less risky than the overall insured population in their region must pay a certain portion of their premium receipts into a fund, from which carriers that cover higher-risk populations receive disbursements. IHBC received money from this fund for years 2014 through 2021 for the Small Group Market, however, these amounts have been declining each year. For 2024, IHBC expects to become a net payer to Risk Adjustment and pay approximately 0.5-1% of revenue required for the Small Group Market to this fund for 2024. Without these funds, the overall rate change would have been about 16%.

EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company	IHBC
NAIC Code:	47034
SERFF Tracking #:	NDPD-133642394
Market Segment:	Small Group

1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2024 Exhibit 13b - Narrative Summary.docx")
3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
9 Links should be provided on key pages of the company's website so that the information may be easily located.
10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
11 Rate Change Adjustment calculations between Year 2023 and 2024 should be based on the DFS Membership Survey data as of 3/31/2023.
12 This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2023 and 2024 Premium Rates:

1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2023 and Columns U-Y for 2024)
2 Premium Rates for 2024 should be Consistent with the Premium Rates reflected in Exhibit 23.

	Average Individual Rate Platinum	Average Individual Rate Gold	Average Individual Rate Silver	Average Individual Rate Bronze	Average Individual Rate Catastrophic	
2023 Weighted Average Base Premium Rates	$ 709.06	$ 589.30	$ 535.65	$ 461.47		From Row 32, Columns L-P of Exhibit 13c
2024 Weighted Average Base Premium Rates	$ 837.23	$ 678.25	$ 609.24	$ 516.36		From Row 32, Columns U-Y of Exhibit 13c

B. Weighted Average Annual Percentage Requested Adjustments:

	2023 to 2024	2023 Weighted Average PMPM Rate All - Metals	2024 Weighted Average PMPM Rate All - Metals	
Requested Rate Adjustment	16.79591%	$ 527.38	$ 615.96	From Cells Q-74 and Z-74 of Exhibit 13c

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years [If Applicable]*:

	2021 to 2022	2022 to 2023
Average Rate Adjustment Requested	0.12813%	15.85200%
Average Rate Adjustment Approved	0.12813%	12.92075%

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]*:

	2020	2021	2022	Projected 2023	Projected 2024
MLR	75.9%	93.7%	95.3%	89.7%	85.4%

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 18 Supplement for 2021-2023 and Comparable Exhibits for 2021] [If Applicable]*:

	2022	2023	2024
Annual Claim Trend Rates	3.8%	2.2%	6.6%
Expense Ratios	9.8%	12.9%	12.8%
Pre Tax Profit Ratios	0.0%	0.5%	2.0%

* If no products were offered in a particular year, indicate "N/A" in the applicable box.