

New York State Department of Financial Services

Premium Rate Approval - Decision Summary

Insurer: Capital District Physicians' Health Plan – Universal Benefits, Inc.
Filing Type: Section 4308(c)
Effective Date: January 1, 2012 through December 31, 2012
SERFF Tracking #: CAPD-127320657
Lines of Business: Small Group Crystal Run EPO/PPO Plans
Affected Members: 72 Members
Annual Premiums: \$250,000
Rating Structure: Quarterly rolling rates; all increases effective at Anniversaries

Summary:

	<u>Requested</u>	<u>Approved</u>
1Q11 to 1Q12	+8.3%	+8.3%
2Q11 to 2Q12	+7.7%	+7.7%
3Q11 to 3Q12	+7.1%	+7.1%
4Q11 to 4Q12	+6.4%	+6.4%
Average for 2012	+7.4%	+7.4%

This product was introduced by CDHP-UBI in the fall of 2010 for marketing in the Orange and Sullivan counties only. There are currently only 72 members. As no reliable claims experience is available, rate actions are based exclusively on claim trend assumptions, averaging about 6.43% per year.

History:

Initially, CDPHP-UBI received approval on this product for premium rates applicable through June 2011. Subsequently, CDPHP-UBI received approval for premium rates applicable in the last two quarters of 2011 based on claim trend assumptions of +2.15% per quarter, averaging +8.9% per year.

New plans were not sold on this product till January 2011, and the 72 current members enrolled in the first two quarters of 2011. These premium rates will also apply to future plans to be sold in the last two quarters of 2011.

Analysis:

The Department reviewed the material that CDPHP-UBI submitted with the rate applications, which included the projected trend assumptions, administrative expense assumptions, projected premiums and claims, profit objectives, Stop Loss reimbursements, and the development of the needed rate change, as well as comparisons to similar historical data in each of these areas. The Department also considered the insurer's overall solvency and ability of the insurer to meet its obligations after the

Department's decisions. The analysis included the following requests and recommendations for the various components of the application.

Annualized Claim Trend Rates:

CDPHP-UBI assumed an annual claim trend rate averaging +6.43%. This is consistent with trend on CDPHP's other blocks of business. The Department determined that the annual claim trend rates used by CDPHP-UBI are reasonable.

Other Assumptions:

Other assumptions on this application were identical to the assumptions submitted in the earlier rate application for premium rates applicable in the last two quarters of 2011. The Department finds these assumptions to be reasonable.

Decision:

Based on the analysis as described above, the Department finds the rate actions requested are reasonable in all aspects.