

**New York State Department of Financial Services  
Premium Rate Approval – Decision Summary**

**Insurer:** HIP Insurance Plan of Greater NY (HIP HMO)  
**SERFF Number:** HPHP-127306459  
**State Tracking Number:** 2011070115  
**Filing Type:** §4308(c) Prior Approval Filing  
**Effective Date:** January 1, 2012; all quarters of calendar year 2012  
**Lines of Business:** Large Group HMO and POS  
**Affected Members:** 333,075  
**Rating structure:** Quarterly rolling rates

**Summary**

**HIP HMO Products (330,211 members):**

<u>Requested (avg)</u>	<u>Approved</u>	<u>Reduction</u>
8.5%	8.5%	0.0%

**Vytra Large Group HMO (2,864 members, one large group, third quarter 2012 renewal)**

<u>Requested (avg)</u>	<u>Approved</u>	<u>Reduction</u>
6.4%	6.4%	0.0%

The analysis included the following “requested” versus “approved” assumptions for the various parts of the application:

	<u>Requested</u>	<u>Approved</u>
1. Annual Claim Trend Rates	10.5%	10.5%
2. Administrative Expense Ratio	10.7%	10.7%
3. Profit Objective (percent of premium, pre-tax)	3%	3%
4. Medical Loss Ratio (MLR)	86.3%	86.3%

**History**

The prior rate application, effective July 1, 2011 for third and fourth quarter 2011, reflected year over year increases of 8-9%. The Department approved the application as submitted.

**Analysis**

The Department reviewed the material that HIP submitted with the rate application, which included the projected trend assumptions, administrative expense assumptions, projected premiums and claims, and the development of the needed rate change, as well

as comparisons to similar historic 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 decision.

**Annual Claim Trend**

The Department finds that the proposed 10.5% average annual claim trend is reasonable and in line with the large group HMO historical average trend.

**Administrative Expense Ratio**

The Department finds that the 10.7% administrative expense ratio is reasonable. It is consistent with the reported administrative expense ratio for the last two years.

**Profit Objective (Underwriting Margin)**

HIP assumes a profit margin of 3% of premiums. The Department finds this assumption to be reasonable.

**Medical Loss Ratio**

With the administrative expense ratio of 10.7% and a profit ratio of 3%, HIP's projected loss ratio will be 86.3%.

**Decision**

The Department finds the requested rate increases to be reasonable and approves the rates as requested.