State: New York **Filing Company:** Health Republic Insurance of New York
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005C Individual - Other
Product Name: Individual Off Exchange
Project Name/Number: HRINY-IH-OFFXC-NY-1402R/HRINY-IH-OFFXC-NY-1402R

Supporting Document Schedules

Satisfied - Item:	Exhibit 13-Narrative Summary and Numerical Summary
Comments:	
Attachment(s):	Narrative Summary of Requested Rate Changes -- Individual.pdf HRINY NY State Exhibits IM 6-10-14 Off-Exhibit 13.pdf HRINY NY State Exhibits IM 6-10-14 Off-Exhibit 13.xlsx
Item Status:	
Status Date:	

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Attachment HRINY NY State Exhibits IM 6-10-14 Off-Exhibit 13.xlsx is not a PDF document and cannot be reproduced here.

NARRATIVE SUMMARY

Company Name:	FREELANCERS HEALTH SERVICES COPORATION d/b/a HEALTH REPUBLIC INSURANCE OF NEW YORK
NAIC Code:	15273
SERFF Tracking #:	

FREELANCERS HEALTH SERVICES COPORATION
d/b/a HEALTH REPUBLIC INSURANCE OF NEW YORK

New York Individual Plans

Narrative Summary of Requested Rate Changes – Effective January 1, 2015

Freelancers Health Services Corporation d/b/a Health Republic Insurance of New York (Health Republic) is submitting a request for a rate increase for its individual plans in New York State. The Narrative Summary provides further explanation of the letter that you received from Health Republic regarding the proposed premiums for 2015 that we filed with the New York State Department of Financial Services (DFS). We are posting this Narrative Summary on our website; as described in the letter, please review this information and contact us or DFS with questions within the 30-day comment period.

How We Arrive at Our Premiums

Health Republic is committed to providing low-cost, high-quality health coverage and is proud to be among the most affordable options for individual New Yorkers and small businesses across the state. Medical costs and administrative expenses are the main components from which we derive our annual premium. Our premiums must also be adequate to ensure our organization achieves long-term sustainability as New York's only not-for-profit CO-OP. Any positive margin that Health Republic achieves is reinvested in the health plan to maintain affordability, improve benefits, and ensure quality for years to come.

Medical costs make up the largest share of the premium and are accounted for in the medical loss ratio (MLR) – the percentage of the premiums paid toward medical costs. By law, in New York State, at least 82% of the annual premium charged for the health plan must be paid toward medical costs. Medical costs include:

- Physician office visits;
- Inpatient and outpatient care;
- Prescription drugs; and
- Mandated benefits.

There are certain other fees and assessments that are counted as medical costs, and include:

- HCRA surcharge, which is the Health Care Reform Act surcharge on hospital-related services; and
- Wellness programs, aimed at improving health, are also classified as medical costs.

There are a number of administrative costs that are included in the premium, such as:

- Processing and paying claims, as well as medical reviews;
- Maintaining our provider network (physicians, hospitals, etc.);
- Medical management programs, including managing chronic and complex medical conditions;
- Customer service;
- Systems to remain compliant with legal requirements;
- Federal fees associated with the Patient Protection and Affordable Care Act (PPACA) including the Insurer's Fee and Reinsurance Assessment;
- State fees including GME – Graduate Medical Education – or covered lives assessment, which is an annual surcharge on every person who has insurance coverage in the state, as well as Section 206 Assessments, which are used to defray the operating expenses of DFS.

Reasons for Rate Adjustment

Health Republic launched in 2014 as New York's only not-for-profit Consumer Operated and Oriented Plan, or CO-OP, in the midst of a transformative year in healthcare, with improved access to coverage for people across the state.

In 2014, premiums for other health plans in New York had significantly higher premium rates than Health Republic. As a member-run, not-for-profit plan, we want coverage for our members to be as affordable as possible and we must be sustainable. Health Republic is requesting the following rate adjustments for its individual plans:

Requested 2015 Health Republic Individual Product Premium Rate Adjustments								
Rating Area	**Albany**	**Buffalo**	**Mid-Hudson**	**New York City**	**Rochester**	**Syracuse**	**Utica/ Watertown**	**Long Island**
Platinum	18.80%	12.90%	18.80%	16.50%	18.80%	5.10%	18.80%	16.50%
Gold	18.80%	12.90%	18.80%	16.50%	18.80%	5.10%	18.80%	16.50%
Silver	15.10%	9.40%	15.10%	12.90%	15.10%	1.90%	15.10%	12.90%
Bronze	18.80%	12.90%	18.80%	16.50%	18.80%	5.10%	18.80%	16.50%
Catastrophic	-9.90%	-14.40%	-9.90%	-11.60%	-9.90%	-20.30%	-9.90%	-11.60%

Total policyholders affected: 54,900

Due to a change in rating methodology required by regulation, the rate increases for the Silver Metal Tier plans vary from the other Metal Tiers plans in 2015.

Due to changes in provider contracting assumptions from 2014 to 2015, rate increases vary by region in 2015.

It is necessary for us to seek a rate adjustment in 2015 for the following reasons:

- Increasing medical costs and utilization: the cost of medical care, including reimbursements to doctors, hospitals, and pharmaceutical companies are rising.
- Declining federal support: certain federal programs that were established, including reinsurance, to help cover the risk of insuring new individuals under the Affordable Care Act, will be decreasing in 2015 and the years following.
- Changes to the population served based on state average Affordable Care Act marketplace enrollment.
- Changes in taxes, fees, and administrative expenses.

Even with the proposed increase, Health Republic is confident that it will be among the most affordable options for individual New Yorkers and small businesses in 2015 and for many years to come.

The proposed rate changes are currently being reviewed by DFS and new rates will be released later this summer. The rates will be effective on January 1, 2015 and all policyholders will receive the rate adjustment at that time.

After DFS has reviewed and finalized the rate changes, we will be contacting all members with updated rate information.

EXHIBIT 13: NARRATIVE SUMMARY AND NUMERICAL SUMMARY

Company Health Republic Insurance of New York
NAIC Code: 15273
SERFF Tracking #:
Market Segment: Individuals Off Exchange

1) Please complete this Narrative Summary and Numerical Summary for each market segment for which you are submitted a rate filing.
2) The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment.
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 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 the 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 Prefiling" 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) This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2014 and 2015 Premium Rates:

1) Average Monthly Premium Rates for Individual Only on Individual Plans and First Quarter Rates for Employee Only on Small Group Plans.
2) Premium Rates are Average Arithmetic Premium Rates for All Plans Combined and for all Regions combined.
3) Premium Rates are with Through Age 29, with Domestic Partner and with Family Planning Coverage.
4) Premium Rates for 2015 should be Consistent with the Premium Rates reflected in Exhibit 23.
5) Premium Rates for 2014 should be on a Consistent Basis as the Premium Rates for 2015.

	Platinum	Gold	Silver	Bronze	Catastrophic
2014 Premium Rates	$409.00	$355.05	$307.63	$248.66	$172.24
2015 Premium Rates	$475.91	$384.90	$330.08	$272.37	$151.35

B. Weighted Average Annual Percentage Requested Adjustments [Per Exhibit 14A for Individual Plans and Exhibit 14B for Small Group Plans]*:

	2014 to 2015
Requested Rate Adjustment	15.2%

C. Weighted Average Annual Percentage Requested Adjustments for each of the Past Three Years [Per Exhibits 4A-4D] [If Applicable]*:

	2011 to 2012	2012 to 2013	2013 to 2014
Average Rate Adjustment	N/A	N/A	N/A

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

	2011	2012	2013
MLR	N/A	N/A	N/A

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 19 for 2014-15 and Comparable Exhibits for 2013] [If Applicable]*:

	2013	2014	2015
Annual Claim Trend Rates	N/A	5.00%	5.00%
Expense Ratios	N/A	22.92%	14.62%
Pre Tax Profit Ratios	N/A	1.82%	0.00%

* If product was not offered in a particular year, indicate "N/A" in the applicable box.