



## NARRATIVE SUMMARY

### **Proposed 2015 Premium Rate Change Filing**

In 2014 MetroPlus offered the most affordable rates across many of the health insurance options available on the NY State of Health Marketplace. Recently, MetroPlus Marketplace members received a letter informing them that MetroPlus submitted a filing request to the New York State Department of Financial Services (DFS) for approval of changes to their 2015 premium rates.

At MetroPlus, we're committed to helping protect our members' health and doing all we can to keep coverage affordable. We do our best to evaluate and manage administrative expenses and negotiate fair rates with our contracted medical providers so that we can keep our rates as reasonable as possible. We continually review the amounts we charge (our rates) versus the amounts we are required to spend to manage our members' healthcare needs. Rates are adjusted in order to ensure we can appropriately cover those needs.

### **Why request rate changes now?**

Rising healthcare costs, provider contracting costs to maintain a high quality network, and higher prescription drugs costs are factors that require us to change our rates. In-patient and pharmacy costs for our Marketplace members, in particular, have been considerably higher than anticipated. In addition, we estimate significant increases to our required contributions to the risk adjustment pool for 2015.

### **How much will premiums increase?**

The letters our members received provided an anticipated premium based on the proposed increase. The increases vary from product (SHOP and Individual) and across the various metal levels. The proposed increases range from 13 to 28 percent for Individual plans and from 22 to 36 percent for SHOP plans.

While we try to provide members with the most accurate information possible, their final rates may differ based on the benefit plan design and other features they choose on renewal. Also, the final, approved rate may differ because the DFS may change the proposed rate.

For members who enrolled through the NY State of Health and qualified for financial assistance, called an Advanced Premium Tax Credit (APTC), their current premium is less than the amount shown in the letter they received. Their 2015 premium will also be less than shown in the letter they received if they qualify for the APTC again next year. NY State of Health will calculate their eligibility for financial assistance each year. Currently, approximately 84 percent of MetroPlus Marketplace members qualify for an APTC.

The premium rate increases MetroPlus is requesting are summarized in the table below.

<b><u>Individual Plan Name</u></b>	<b><u>Requested Increase (Standard &amp; Non Standard)</u></b>
MetroPlus BronzePlus	13%
MetroPlus SilverPlus	17%
MetroPlus GoldPlus	22%
MetroPlus PlatinumPlus	28%

<b><u>Quarter 1 to 4 - Small Business (SHOP) Plan Name</u></b>	<b><u>Requested Increase (Standard)</u></b>
MetroPlus BronzePlus	23%
MetroPlus SilverPlus	26%
MetroPlus GoldPlus	31%
MetroPlus PlatinumPlus	36%

#### **What's next?**

These proposed rates are being reviewed by DFS. They may approve, change, or disapprove the requested rate change.

Once DFS finalizes the new premium rates, members will receive final rate information at least 60 days before their 2015 renewal date.

Monthly premiums for members of an individual plan will not change until January 1, 2015. Monthly premiums for group plan members will change on the 2015 anniversary of their plan.

All members have an opportunity to comment upon or request information directly from the state before the DFS approves any rate changes by contacting the NYS Department of Financial Services.

**EXHIBIT 13: NARRATIVE SUMMARY AND NUMERICAL SUMMARY**

Company MetroPlus Health Plan, Inc.  
 NAIC Code: 95546  
 SERFF Trac MPPH-128975317  
 Market Segment: Small Group

- 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 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	\$ 479.50	\$ 427.34	\$ 387.23	\$ 359.97	
2015 Premium Rates	\$ 654.10	\$ 558.62	\$ 489.41	\$ 441.25	

**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	32%

**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	NA	NA	NA

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

	2011	2012	2013
MLR	NA	NA	NA

**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		5.09%	5.16%
Expense Ratios		11.33%	13.18%
Pre Tax Profit Ratios		3.00%	3.00%

\* If product was not offered in a particular year, indicate "NA" in the applicable box.

**Narrative Summary**

Rates changed for the following reasons:

**Claim Cost.**

We project medical costs will increase 21% for platinum, 15% for gold, 11% for silver, and 6% for bronze. 8% is due to higher hospital and other provider reimbursements rates. We project higher utilization for the richer metals (platinum and gold).

**Federal Reimbursement Programs**

MetroPlus is projected to contribute more to the risk adjustment pool, increasing costs by 14%

**Taxes and Fees**

Taxes and fees are projected to decrease by 1.7% of premium.

**Administrative Expenses**

Administrative expenses is projected to increase by 2% of premium.

**Profit and Margin**

Profit ratio did not increase.