

Fidelis Care New York
New York State of Health – Individual Exchange Products
Narrative Summary of Requested Rate Changes Effective January 1, 2015

You recently received a letter from Fidelis outlining our annual proposed premium rate adjustment filing(s) with the New York State Department of Financial Services (DFS). This Narrative Summary is designed to provide a plain-language summary of the reasons for the rate adjustment. This Summary will remain posted on our website, for a minimum of 30 calendar days from the date of our letter. Please review this information carefully and contact us or DFS, as indicated in our letter, with questions within 30 days.

The Components of Your Premium Rate

The components of Fidelis' (or any insurer's) annual premium are medical costs, administrative expenses, and profit.

Medical costs include physician fees, inpatient and outpatient costs, and pharmacy costs. Medical costs also include certain New York State assessments, called "HCRA" and "GME". These assessments are considered medical costs because they fund medical education and compensate medical providers for providing unpaid care to the poor.

These costs are partially offset by temporary reinsurance provided under the Affordable Care Act. This reinsurance reimburses insurers for covering members' catastrophic health expenses. However, the Affordable Care Act is phasing out this reimbursement.

Under New York state law, at least 82 cents of each premium dollar is to be paid toward medical costs. Fidelis anticipates paying over 88 cents of each premium dollar.

Some examples of administrative expenses are:

- Fees including assessments to fund the DFS, assessments to fund risk equalization among insurers, and assessments to fund operations of the Exchange;
- Maintenance of computer systems to comply with the demands of rapidly changing health care requirements;
- costs for improving health, including consumer education and web-based consumer support tools, promotion of wellness, and programs for managing chronic and complex medical conditions;
- maintaining the provider network as well as measuring quality and efficiency of providers; and
- Operating costs for items such as processing claims, correspondence and appeals, answering members' questions and providing customer service.

Fidelis anticipates that 3 cents of every premium dollar will go to profit.

The information furnished herein constitutes proprietary, confidential and sensitive financial information pertaining to Fidelis Care New York ("Fidelis") that is exempt from FOIA disclosure pursuant to 5 U.S.C. § 552(b)(4). Accordingly, any release of the information contained herein would cause substantial harm to Fidelis and would provide a competitive advantage to its competitors. Fidelis respectfully requests that none of the financial information submitted herein be released by DFS pursuant to a FOIA request before June 13, 2014 without first providing Fidelis an opportunity to oppose any such FOIA request.

Why are rates changing?

Each year, Fidelis is required to review its experience and determine whether a change in premium rates is necessary. Fidelis files suggested premium rates with the DFS in order for DFS to evaluate the request.

When deciding how to change premium rates, Fidelis assesses its recent experience and current situation, and estimates how much medical costs will change in the future.

Having recently completed this evaluation, Fidelis is requesting the premium increases that appear in the attached Exhibit 13. If approved, the increases will be added to the 2014 premium starting January 1, 2015.

However, it is important to note that your premium increase or decrease will probably differ from the letter you received. Most Fidelis members receive premium subsidies from the Federal government. These subsidies depend on income and family situation as well as the premium rates for other insurers.

Fidelis' rate filing is driven by three primary considerations:

1. The age of the population that chose to enter the Individual market;
2. Higher medical costs and utilization; and
3. Shrinking federal reimbursement for catastrophic claims.

When Fidelis entered the New York State of Health in 2014, we assumed that membership would reflect the population in existing plans. In fact, the population that entered the Individual market with Fidelis and with other carriers is older than anticipated. The older population alone would require a 17% rate increase.

In preparation for 2014, Fidelis estimated claim costs in each region of New York. In 2015, in certain regions, Fidelis will provide a broader provider network and consequently incur greater costs.

As part of the Affordable Care Act, the federal government will pay for a portion of the costs for very expensive "catastrophic" cases. However, the law specifies that less is to be paid in 2015 than 2014. The result is that insurers will have to pay for these additional costs. This requires a 2% increase.

Final Rate Increase

Please be aware that your final renewal premium increase for 2015 may be different than the percentages listed in Exhibit 13. The Superintendent of Financial Services may approve (as requested), modify or deny the proposed rate adjustment. Your final premium will account for the rate adjustment actually approved by the New York State DFS, as well as premium subsidies provided by the federal government.

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EXHIBIT 13: NARRATIVE SUMMARY AND NUMERICAL SUMMARY

Company	New York State Catholic Health Plan, Inc. dba Fidelis Care New York
NAIC Code:	15018
SERFF Tra	FCNY-129577910
Market Segment:	Individuals On 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 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	\$542.34	\$448.88	\$366.60	\$289.72	\$169.91
2015 Premium Rates	\$603.99	\$495.54	\$399.37	\$320.86	\$176.13

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	7.10%

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	N/A	8.18%
Expense Ratios	N/A	9.40%	8.43%
Pre Tax Profit Ratios	N/A	3.00%	3.00%

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