NARRATIVE SUMMARY

Company: **Independent Health Association Inc.**
NAIC Code: **95308**
SERFF Tracking #: **NDPD-129607780**

Independent Health Association (IHA) is requesting premium rate adjustments for its large group HMO products and all applicable riders. All products and riders within this rate filing are community rated. This means that all members holding the same coverage pay the same approved premium. The number of subscribers affected by the proposed premium adjustments is 21,215.

Taxes and Fees:

The following ACA taxes and fees are included in the proposed 2015 premium rates:

- Contributions to the Federal Transitional Reinsurance Program $3.67 PMPM[1]
- Patient Centered Outcomes Research Fee $0.18 PMPM[1]
- Health Insurance Tax (Percent of Premium) 0%

Large Group HMO:

The following is a summary of the proposed rate adjustments to be effective on your next anniversary date on or after January 1, 2015:

Product Type	Product Name	Low	High	Average
Large Group	Encompass A	-4.4%	-4.4%	-4.4%
Large Group	Encompass B	-4.4%	-4.4%	-4.4%
Large Group	Encompass C	-4.4%	-4.4%	-4.4%
Large Group	Encompass D	-4.4%	-4.4%	-4.4%
Large Group	FlexFit	-4.4%	-4.4%	-4.4%
Large Group	FlexFit Select	-4.4%	-4.4%	-4.4%
Large Group	Encompass Essential Base (Version 1)	-4.4%	-4.4%	-4.4%
Large Group	Encompass Essential "E" (Version 2)	-4.4%	-4.4%	-4.4%
Large Group	Encompass Essential "E" - FEHB	-4.4%	-4.4%	-4.4%
Large Group	Encompass Essential Base 2 Plan	-4.4%	-4.4%	-4.4%
Large Group	Encompass for NYSHIP	-4.4%	-4.4%	-4.4%
Large Group	Encompass for FEHB	-4.4%	-4.4%	-4.4%
	TOTAL			**-4.4%**
Large Group	Pharmacy Riders	-1.6%	1.8%	0.0%
Large Group	Base Riders	-10.5%	1.2%	-3.1%

[1] Per Member Per Month

Quarterly Trend:
Base and Base Riders: 1.75% per quarter
Rx Riders: 2.5% per quarter

89.74% of the premium dollar for the IHA large group base and base rider rates is utilized for medical expenses. The remaining 10.26% of premium is available to IHA to cover administrative expenses. Administrative expenses include (but are not limited to) associate salaries, depreciation, customer service, processing and paying claims, sales, and care management programs focused on quality and community benefits.

IHA also generates income from invested funds. The size of the portfolio and income generated from it vary from year to year. For 2015, IHA will be utilizing its anticipated investment income to cover losses on the IHA large group products.

These proposed rate adjustments will be submitted to the New York State Department of Financial Services on approximately August 11th 2014. Your employer group will be notified of the final approved premium adjustment at least 60 days prior to your effective date of renewal.