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**CALIFORNIA DEPARTMENT OF
MANAGED HEALTH CARE**

Presented by:

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Agenda

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Rate Increase Comparison

Rate Increase Drivers

Final Premium Rate Components

Number of Carriers Per Rating Area on Exchange

Risk Adjustment

States Included in Analysis

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California
Georgia
Illinois
Iowa
New Jersey
Pennsylvania
Virginia



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**AVERAGE RATE INCREASES BY
STATE**

Average Carrier Rate Increase by State: 2017 Individual Market

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State	Weighted Avg	Minimum	Maximum
A	47%	0.0%	51%
B	27%	19.9%	55%
C	24%	0.0%	68%
D	19%	0.0%	38%
E	17%	0.0%	38%
F	15%	-0.1%	50%
California	13%	0.9%	19%

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Average Carrier Rate Increase by State: 2017 Small Group Market

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State	Weighted Avg	Minimum	Maximum
A	11%	5.6%	18%
B	10%	-5.8%	26%
C	9%	-6.0%	32%
D	8%	0.6%	23%
E	8%	-5.0%	14%
F	7%	0.2%	19%
California	4%	-3.0%	16%

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**AVERAGE RATE INCREASES BY
STATE AND BY METAL LEVEL**

Individual Market – Bronze Tier

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Company	Weighted Avg	Minimum	Maximum
A	56%	17%	77%
B	37%	3%	54%
C	31%	9%	53%
D	23%	1%	38%
E	21%	9%	58%
California	10%	-2%	22%
F	7%	-10%	44%

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Individual Market – Silver Tier

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Company	Weighted Avg	Minimum	Maximum
A	47%	8%	69%
B	32%	4%	46%
C	30%	10%	54%
D	26%	10%	71%
California	14%	1%	25%
E	13%	0%	25%
F	8%	1%	31%

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Individual Market – Gold Tier

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Company	Weighted Avg	Minimum	Maximum
A	54%	0%	67%
B	35%	6%	50%
C	34%	23%	58%
D	24%	3%	54%
E	17%	9%	52%
California	15%	1%	26%
F	13%	0%	33%

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Individual Market – Platinum Tier

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Company	Weighted Avg	Minimum	Maximum
A	59%	0%	67%
B	41%	40%	49%
C	19%	18%	20%
California	15%	1%	28%
D	6%	6%	6%

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Small Group Market – Bronze Tier

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Company	Weighted Avg	Minimum	Maximum
A	22%	-3%	26%
B	12%	-1%	13%
C	11%	-1%	27%
D	11%	0%	46%
E	9%	-11%	44%
F	9%	-4%	21%
California	4%	-4%	74%

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Small Group Market – Silver Tier

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Company	Weighted Avg	Minimum	Maximum
A	18%	-2%	38%
B	16%	-33%	31%
C	12%	-3%	16%
D	11%	-7%	42%
E	10%	-6%	27%
F	5%	-7%	20%
California	3%	-11%	74%

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Small Group Market – Gold Tier

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Company	Weighted Avg	Minimum	Maximum
A	14%	-22%	59%
B	12%	1%	42%
C	9%	0%	20%
D	9%	-4%	16%
E	7%	-8%	39%
California	4%	-16%	76%
F	4%	-13%	20%

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Small Group Market – Platinum Tier

Company	Weighted Avg	Minimum	Maximum
A	10%	-1%	18%
B	9%	0%	24%
C	7%	-5%	16%
D	6%	-4%	23%
E	5%	-7%	49%
California	4%	-7%	69%
F	-7%	-13%	23%

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RATE INCREASES DRIVERS

Carrier Explanations of Increases 15% or More

1.	Medical Unit Cost and Utilization Trend
2.	Changes in Non-Benefit Expenses
3.	Worsening Morbidity
4.	End of Reinsurance
4.	Plan Design Changes
6.	Experience Worse than Projected
7.	Provider Network and Contract Changes
8.	Risk Adjustment
9.	Rx Trend
10.	Demographic Changes
11.	Plan Mix Changes
12.	Changes to Induced Utilization



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TREND COMPARISON

Individual Trend Comparison

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Company	Total Medical Trend	Total Rx Trend	Total Trend
A	1.088	1.119	1.094
B	1.080	1.098	1.083
C	1.068	1.108	1.076
California	1.057	1.100	1.063
D	1.051	1.096	1.060
E	1.044	1.119	1.058
F	1.030	1.074	1.040

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Small Group Trend Comparison

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Company	Total Medical Trend	Total Rx Trend	Total Trend
A	1.077	1.104	1.083
B	1.069	1.110	1.077
C	1.056	1.155	1.075
D	1.057	1.097	1.067
E	1.066	1.067	1.066
F	1.054	1.088	1.062
California	1.045	1.104	1.055

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NON-BENEFIT EXPENSE COMPARISON

Projected Profit: Individual Market

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Company	Profit % of Premium	Profit PMPM
A	4.5%	\$20.98
B	3.9%	\$16.79
C	3.4%	\$18.25
D	3.3%	\$14.16
E	1.6%	\$9.04
California	1.4%	\$6.11
F	1.3%	\$7.13

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Projected Profit: Small Group Market

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Company	Profit % of Premium	Profit PMPM
A	3.9%	\$20.25
B	3.8%	\$17.50
C	3.7%	\$17.78
D	2.9%	\$16.14
E	2.8%	\$11.96
F	2.3%	\$12.76
California	1.8%	\$8.92

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**AGE-21 RATE COMPARISON BY
MARKET AND BY METAL LEVEL**

ADJUSTED BY COST OF LIVING

Individual Market – Bronze Tier

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	Average	Minimum	Maximum
A	\$337.30	\$197.54	\$465.07
B	\$318.20	\$184.29	\$516.87
C	\$299.26	\$185.27	\$437.90
D	\$283.22	\$177.29	\$443.41
E	\$277.63	\$184.90	\$405.77
F	\$265.79	\$186.06	\$332.15
California	\$177.55	\$113.05	\$266.17
All States	\$279.85	\$113.05	\$516.87

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Individual Market – Silver Tier

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	Average	Minimum	Maximum
A	\$402.05	\$235.47	\$563.86
B	\$343.76	\$205.54	\$535.12
C	\$324.49	\$201.09	\$512.79
D	\$320.01	\$216.65	\$495.42
E	\$317.10	\$230.07	\$407.84
F	\$307.31	\$223.86	\$473.63
California	\$227.55	\$143.38	\$406.27
All States	\$320.32	\$143.38	\$563.86

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Individual Market – Gold Tier

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	Average	Minimum	Maximum
A	\$514.71	\$315.51	\$680.75
B	\$459.33	\$288.20	\$623.41
C	\$445.93	\$275.59	\$606.88
D	\$442.29	\$331.87	\$610.30
E	\$391.31	\$275.09	\$483.43
F	\$366.55	\$296.32	\$462.75
California	\$277.16	\$161.84	\$497.20
All States	\$413.90	\$161.84	\$680.75

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Individual Market – Platinum Tier

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	Average	Minimum	Maximum
A	\$561.98	\$561.98	\$561.98
B	\$425.29	\$338.54	\$500.60
C	\$361.28	\$361.28	\$361.28
California	\$328.73	\$187.02	\$598.76
All States	\$419.32	\$187.02	\$598.76

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Small Group Market – Bronze Tier

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	Average	Minimum	Maximum
A	\$311.97	\$145.20	\$574.43
B	\$302.19	\$222.96	\$430.21
C	\$253.10	\$165.75	\$422.48
D	\$252.76	\$167.02	\$328.20
E	\$244.96	\$175.59	\$325.74
F	\$220.80	\$112.35	\$390.11
California	\$173.87	\$126.03	\$301.35
All States	\$251.38	\$112.35	\$574.43

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Small Group Market – Silver Tier

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	Average	Minimum	Maximum
A	\$391.31	\$255.74	\$1,370.36
B	\$376.81	\$152.16	\$857.60
C	\$308.68	\$180.66	\$503.88
D	\$308.39	\$193.52	\$655.95
E	\$304.58	\$205.95	\$535.31
F	\$287.09	\$144.21	\$593.71
California	\$222.03	\$147.84	\$410.99
All States	\$314.13	\$144.21	\$1,370.36

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Small Group Market – Gold Tier

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	Average	Minimum	Maximum
A	\$437.95	\$308.87	\$662.89
B	\$427.97	\$175.50	\$956.16
C	\$372.56	\$284.75	\$609.55
D	\$369.02	\$232.64	\$748.33
E	\$357.71	\$252.96	\$556.82
F	\$336.47	\$147.72	\$597.64
California	\$258.62	\$163.70	\$474.62
All States	\$365.76	\$147.72	\$956.16

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Small Group Market – Platinum Tier

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	Average	Minimum	Maximum
A	\$473.30	\$257.25	\$832.89
B	\$470.89	\$382.90	\$567.11
C	\$437.78	\$308.98	\$529.02
D	\$432.50	\$363.59	\$670.95
E	\$409.73	\$291.45	\$524.12
F	\$396.21	\$218.65	\$700.28
California	\$285.92	\$191.82	\$533.77
All States	\$415.19	\$191.82	\$832.89

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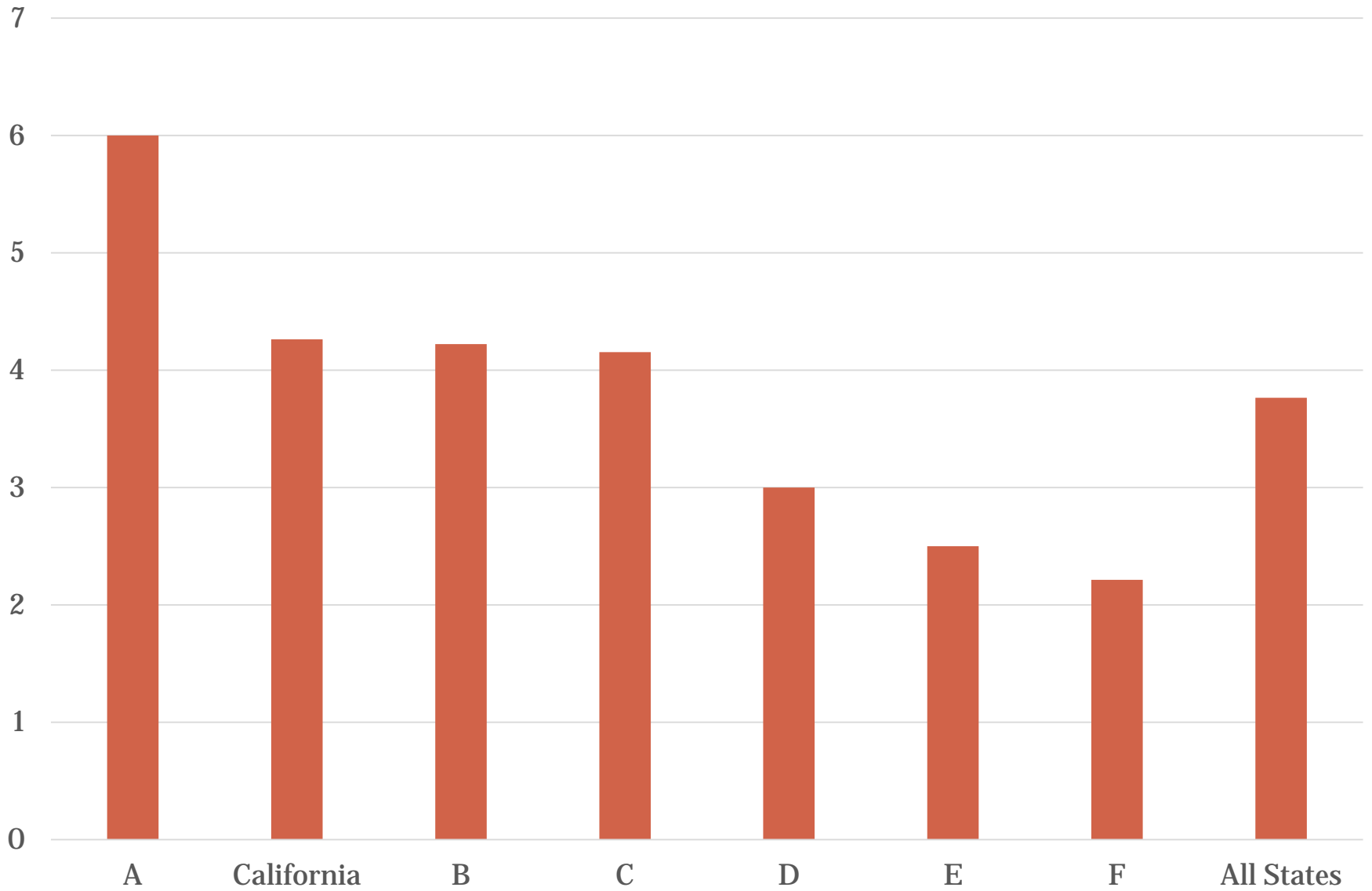


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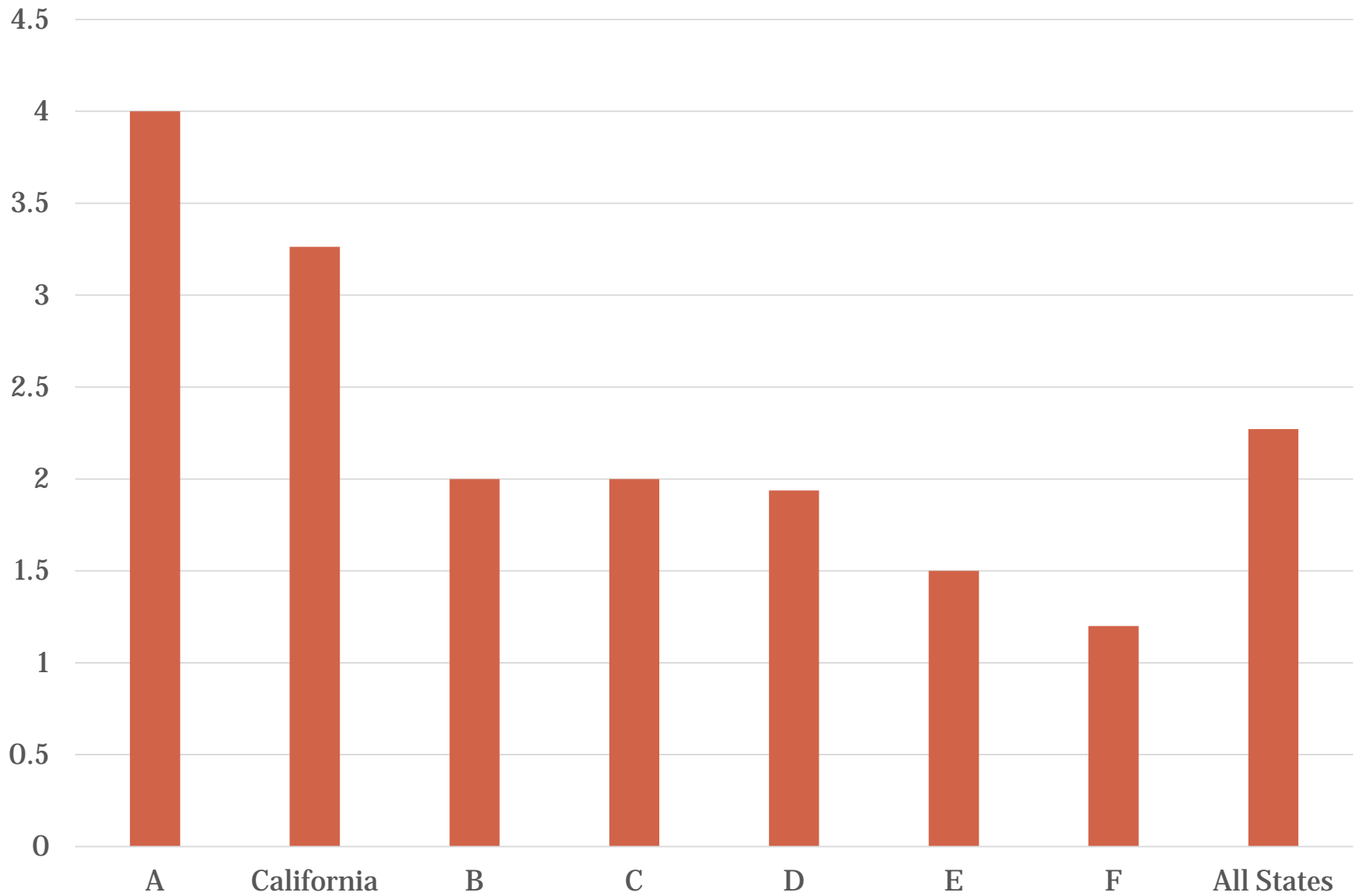
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**AVERAGE NUMBER OF ON-EXCHANGE
CARRIERS PER RATING AREA BY STATE**

Average # of Companies Offering Per Area Individual On-Exchange



Average # of Companies Offering Per Area Small Group On-Exchange





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RISK ADJUSTMENT

Risk Adjustment Transfers

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- In the California Individual market, RA calculated \$628.6 million in total transfers.
 - This is 2nd highest among all states, trailing only Florida
- In the California Small Group market, RA calculated \$327.3 million in total transfers.
 - This is 2nd highest among all states, trailing only New York

Risk Adjustment Transfers

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- Challenging for carriers to predict accurately
- California uses Wakely for market estimates, which provides helpful information, but is not always a good predictor
- Federal Government may be providing more detail in the future
 - Timing of information may be issue
 - Information may not be mature
- Population migration between plans cause further issues with prediction



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ANY QUESTIONS?



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**APPENDIX A:
ADMINISTRATIVE COSTS**

Projected Administrative Expenses: Individual Market

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Company	Admin % of Premium	Admin PMPM
A	13.4%	\$67.40
B	12.5%	\$53.97
C	12.0%	\$54.99
D	11.2%	\$47.94
E	10.3%	\$51.68
California	10.1%	\$44.66
F	8.7%	\$46.33

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Projected Administrative Expenses: Small Group Market

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Company	Admin % of Premium	Admin PMPM
A	13.6%	\$62.91
B	13.6%	\$76.76
California	13.4%	\$60.48
C	12.8%	\$61.70
D	11.5%	\$48.16
E	10.0%	\$53.70
F	9.1%	\$46.92

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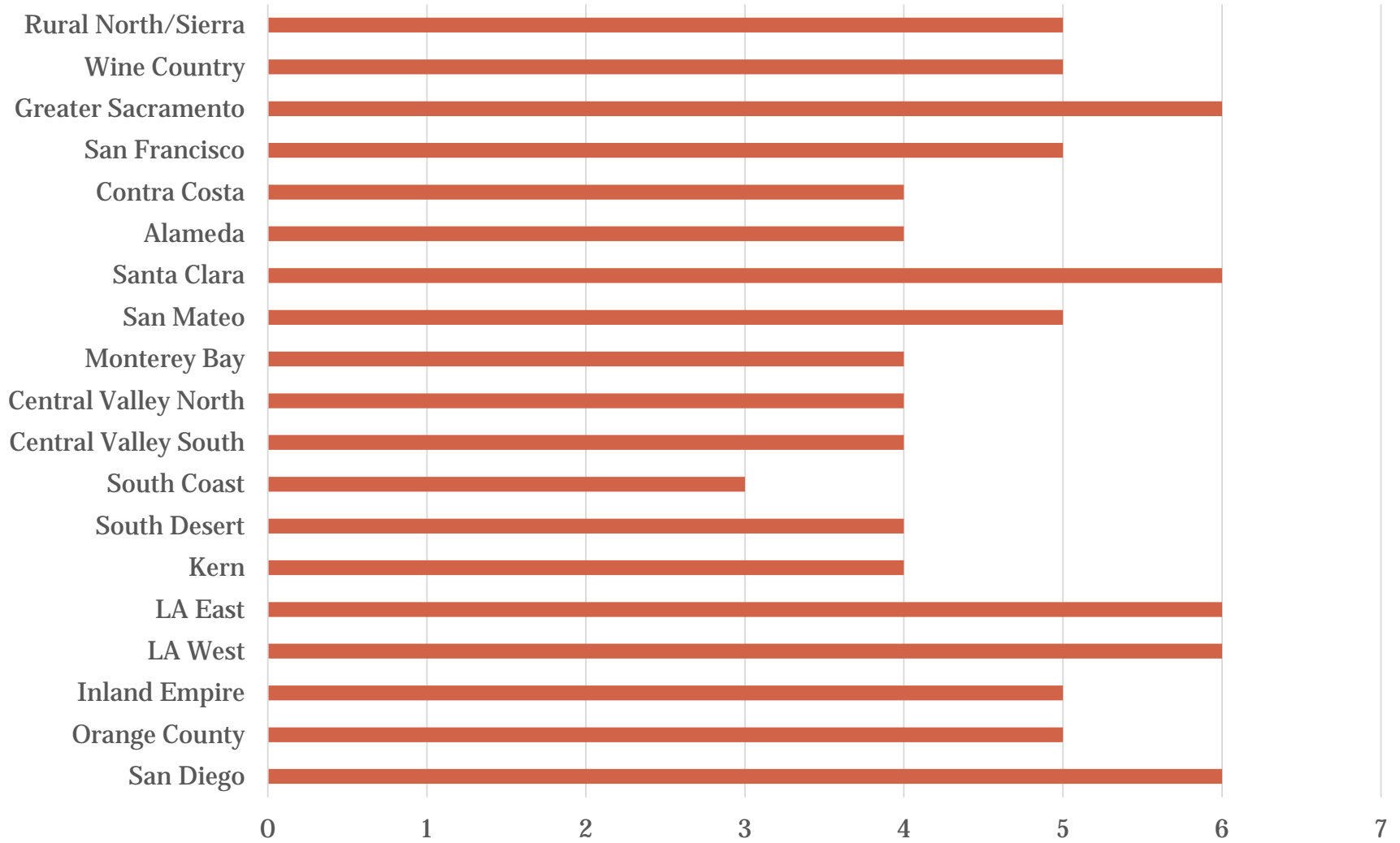


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**APPENDIX B:
CALIFORNIA NUMBER OF ON-EXCHANGE
CARRIERS BY RATING AREA**

California Carriers per Rating Area Individual Market



California Carriers per Rating Area Small Group Market

