

Consumer Justification Narrative

BlueChoice HealthPlan, Inc. Rate Change (effective 1/1/2021) for BusinessAdvantage Small Group Health Plans

Scope and range of the rate increase:

Depending on the plan selected, approximately 19,500 members currently enrolled in a BusinessAdvantage Small Group health plan will see an adjustment to premiums effective at renewal beginning January 1st, 2021.

Financial experience of the product:

During 2019, premiums received have likely been sufficient to cover claims paid, administrative costs, commissions, taxes, and fees. The rate adjustment effective January 1, 2021 is intended to cover future changes in medical costs. If, in 2021, paid claims are significantly less than anticipated, rebates will be paid to BusinessAdvantage members.

Changes in medical service costs:

BlueChoice HealthPlan, Inc. will likely pay more claims in 2021 for the following reasons:

- Hospitals and doctors charging more for services.
- More individuals seeking treatment.
- Higher drug costs.
- Future uncertainty in the insurance industry due to COVID-19.

Changes in benefits:

Changes to deductibles, copayments, and out-of-pocket maximums to some BusinessAdvantage products were implemented to limit the amount of the necessary rate change without sacrificing coverage.

Administrative costs and anticipated margins:

Administrative costs were set based on internal corporate estimates of normal operating costs. Federally required fees also apply.

BlueChoice HealthPlan, Inc. is working hard to find ways to lower these costs through intense review of current practices.