

Consumer Justification Narrative

BlueChoice HealthPlan, Inc. Rate Change (effective 1/1/2020) for BlueOption Individual Health Plans

Scope and range of the rate increase:

Depending on the plan selected, approximately 4,850 members currently enrolled in a BlueOption Individual health plan will see an adjustment to premiums effective January 1st, 2020.

Financial experience of the product:

During 2018, premiums received have likely not been sufficient to cover claims paid, administrative costs, commissions, taxes, and fees. The rate adjustment effective January 1, 2020 is intended to cover future changes in medical costs. If, in 2020, paid claims are significantly less than anticipated, rebates will be paid to BlueOption members.

Changes in medical service costs:

BlueChoice HealthPlan, Inc. will likely pay more claims in 2020 for the following reasons:

- The availability of short-term health plans will likely siphon better risks from the ACA market.
- The individual mandate is not enforced.
- Hospitals and doctors charging more for services.
- More individuals seeking treatment, especially those not previously covered by insurance.
- Higher drug costs.

Changes in benefits:

Changes to deductibles, copayments, and out-of-pocket maximums to some BlueOption products were implemented to limit the amount of the necessary rate increase 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.