

UPDATE: Individual and Family Plans Rate Increase for 2016

Health Choice Insurance Company is requesting an average premium rate increase of 10.1%. This is an average increase across all plans and service areas of 10.1%. Some members will see a decrease of 10.2% and others will see an increase of 22.7% dependent on the members plan and service area. This will affect approximately 4,700 members.

The overall rate increase is due to higher expected medical claims cost relative to 2015 premiums. There is also an expected decrease in reinsurance dollars due to the change in the federal transitional reinsurance program parameters, as well as an increase in Health Choice administrative expenses and federal taxes.

Historical Financial Experience:

Health Choice Insurance Co. reported a substantial underwriting loss in its individual ACA plans for 2014. The rate increase is necessary to cover the expected increase in claims and administrative expenses.

Change in Medical Service Costs:

The estimated average cost of medical care for the projected member population is expected to increase due to higher utilization and average cost per healthcare service relative to the assumptions used in the 2015 rate filing.

Change in Benefits:

Covered benefits were neither added nor removed, though some cost-sharing parameters were changed to keep up with the rising cost of healthcare. These changes also aided in keeping the rate increase as low as possible.