

## **Explanation of Rate Increase for 2020 Health Connector Plans**

This document explains the rate increases for AllWays Health Partners plans offered on the Massachusetts Health Connector, effective January 1, 2020.

This information complies with the requirements of federal regulation 45 CFR §156.210(c). The member-weighted average of the proposed rate increase is 4.6% for our Health Connector individual and small group products combined, effective January 1, 2020. The actual rate change will vary by account and depends on characteristics such as product design and group-specific rating factors. The significant factors driving the proposed rate increases include:

### **FINANCIAL EXPERIENCE**

Our financial experience for merged market products for the year ending March 31, 2019 shows medical loss ratios (MLR) greater than 88%, which meets Federal and State MLR requirements. The 2020 rate filing complies with Federal and State minimum Medical Loss Ratio requirements.

### **CHANGES IN MEDICAL SERVICE COSTS**

The requested rate increases are also driven by increases in medical unit costs and utilization. We base our claims trend assumptions on research, general industry knowledge regarding recent trends in medical inflation, and unit cost increases with our contracted providers. Medical service costs also reflect changes in our provider network, including reimbursement level, care management protocols, and contracts with CVS Caremark for prescription drugs (i.e. average wholesale price discounts, dispensing fees, anticipated rebates, and formulary).

This narrative supports the AllWays Health Partners merged market rate filing in Massachusetts. This information may not be appropriate, and should not be used, for other purposes.