

Effective January 1, 2014 the federal Affordable Care Act (ACA) required plans to meet certain plan design and benefit requirements. BridgeSpan Health Company (BridgeSpan) filed a new portfolio of products effective January 1, 2014 to meet these new ACA requirements. This rate filing is effective January 1, 2015 and is the second rate filing for these new ACA-compliant plans. This filing relies on Regence entity experience, which has approximately 13,000 members enrolled in this line of business as of April 2014. This filing is based on claims experience from January 2013 through December 2013, with claims paid through April 2014.

Rate Change

The average rate change for plans effective January 1, 2015 is 6.2%, which is an average rate change of about \$22 per member per month. Because 6.2% (or about \$22) is an average, it is possible to have a different rate change. Factors affecting a member's premium include age, geographic area, tobacco use, family composition, and product.

Contributing Factors - Claims

The main factor for the rate change is the increasing cost of medical care. This filing reflects projected claims expenses increasing approximately 7% annually. Another factor contributing to the rate change is the expected phase down of the federal reinsurance program beginning in 2015, which has contributed approximately 3% to the rate change. The ACA introduced this temporary program to mitigate rate increases in 2014 by reimbursing a portion of large claims, and it will phase out by 2017. A mitigating factor to the rate change is the projected change in the overall health status of the covered population from 2014 to 2015. Because pool health status is expected to improve this has a favorable impact to the rate change.

Contributing Factors - Non-Claims

BridgeSpan is committed to using member premium dollars responsibly and consistently pays out a high percentage of premium dollars towards member claims. BridgeSpan expects this rate filing to exceed the ACA's minimum Medical Loss Ratio (MLR) requirement. Administrative expenses are expected to be 13.6% of premium, compared to 15.3% in the 2014 rates. Regulatory payments including taxes and fees required by the ACA are expected to be 7.0%, compared to 6.2% in the 2014 rates. Risk and contingency estimates to account for inherent variability in predicting future claims and anticipated contribution to surplus are included as 2.0% of premium, compared to 2.0% in the 2014 rates.

Financial Experience

These products were introduced effective January 1, 2014, and a full year of financial experience is not yet available.