



National Health Insurance Company Idaho Small Employer Part II Preliminary Justification Written Explanation of Rate Increase

Rate Change

The 2021 requested average rate increase for Affordable Care Act (ACA) plans is 10.03% for NHIC's small group Affordable Care Act (ACA) compliant plans. The minimum and maximum increases by plan are 8.94% and 17.45%, respectively. The actual rate change varies by selected plan, geographic area and age of the member.

Most Significant Factors

The rate change described above is driven by the following factors:

- Underlying growth in health care costs and utilization
- Benefit changes to keep plans at a valid metallic level
- Change in area factor

Financial Experience

The average premium per member per month was \$373. The average paid claims per member per month was \$374.

Key Assumptions

The annual cost trends used in developing the 2021 rates:

- Medical: 6.27%
- Drug: 5.27%

The 2021 rates are made up of the following components:

- Claims: 80.0%
- Administrative Costs: 10.05%
- Federal Taxes and fees: 1.23%
- States taxes and fees: 1.50%
- Commissions: 3.00%
- Contribution to surplus, profit, and risk margin to account for variability of claims: 4.22%