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SelectHealth Preliminary Rate Increase Justification for 2021 Individual Health Benefit Plans

Rate Change

The Individual plan rates are increasing by 5.9 percent on average. The actual rate change varies by selected benefit plan, geographic area and age of the member. The estimated average increase is over 10% for Idaho Falls Rating Area 4, and 4.3% for all other rating areas.

The number of individuals impacted is 39,675.

Most Significant Factors

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

1. The decrease to the annual health insurer tax: -1%
2. Plan design changes: 0.6%
3. Projected increases in medical and pharmacy claims: 6.3%

The factors above sum to the total average rate increase. 1) The annual health insurer tax for 2021 has been removed. 2) Benefit changes are occurring for the projected year resulting in an impact to the rate. 3) Projected increases are expected for medical and pharmacy claims.

Financial Experience

For 2019, the average premium per member per month was \$496. The average paid claims per member per month was \$502.



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Key Assumptions

The annual cost trends used in developing the new rates:

- Medical: 4.9%
- Pharmacy: 4.7%

The projected rates are made up of the following components:

- Claims: 85.4%
- Administrative Costs: 6.1%
- Federal Taxes and fees: 2.1%
- States taxes and fees: 1.7%
- Commissions: 1.7%
- Contribution to surplus, profit, and risk margin to account for variability of claims: 3.0%