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## **SelectHealth Preliminary Rate Increase Justification for 2021 Small Group Health Benefit Plans**

### **Rate Change**

The average rate change for Small Employer plans is an increase of 10.1 percent. The actual rate change varies by selected benefit plan, geographic area and age of the member. The number of individuals impacted is 15,416.

### **Most Significant Factors**

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

1. An increase to projected risk adjustment payments: 0.5%
2. Plan design changes: 0.3%
3. Current rates relative to current experience: 9.3%

The factors above sum to the total average rate increase. 1) The risk adjustment payout for this line of business is projected to be higher than previous projections. 2) Benefits have been increased to stay within the metal level ranges. 3) Current rates relative to current experience produce a projected increase.

### **Financial Experience**

For 2019, the average premium per member per month was \$347.31. The average paid claims per member per month was \$352.40.



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### **Key Assumptions**

The annual cost trends used in developing the new rates:

- Medical: -3%
- Drug: 3.5%

The new rates are made up of the following components:

- Claims: 85.2%
- Administrative Costs: 5.3%
- Federal Taxes and fees: 0.1%
- States taxes and fees: 1.8%
- Commissions: 4.6%
- Contribution to surplus, profit, and risk margin to account for variability of claims: 3.0%