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## **SelectHealth Preliminary Rate Increase Justification for 2019 Individual Health Benefit Plans**

### **Rate Change**

The average rates for Individual plans are decreasing by 0.8 percent. Gold plans are increasing by 5.9 percent, Silver plans are decreasing by 4.1 percent and Bronze plans are increasing by 1.5 percent on average. The actual rate change varies by selected benefit plan, geographic area and age of the member. The number of individuals impacted is 28,691.

### **Most Significant Factors**

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

1. Medical and Pharmacy cost increases: 0.4%
2. Administrative Expense / Tax changes: -1.8%
3. Changes to benefits: 0.6%

The total of the above factors sum to the total average rate increase listed above. 1) The utilization and costs for the members on these plans have changed for medical and pharmacy claims. 2) The annual health insurer tax for 2019 has been removed and the administrative expenses have been reduced. 3) Benefit changes are occurring for the projected year resulting in an impact to the rate change.

### **Financial Experience**

For 2017, the average premium per member per month was \$409. The average paid claims per member per month was \$496.



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### **Key Assumptions**

The annual cost trends used in developing the new rates:

- Medical: 1%
- Pharmacy: 4%

The projected rates are made up of the following components:

- Claims: 88%
- Administrative Costs: 4%
- Federal Taxes and fees: 1.9%
- States taxes and fees: 1.7%
- Commissions: 1.5%
- Contribution to surplus, profit, and risk margin to account for variability of claims: 3.0%