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SelectHealth Preliminary Rate Increase Justification for 2020 Individual Health Benefit Plans

Rate Change

The Individual plan rates are increasing by 7.9 percent on average. The actual rate change varies by selected benefit plan, geographic area and age of the member. The estimated average increase is 6.9% for Western Idaho and 10.6% for Eastern Idaho.

The number of individuals impacted is 45,495.

Most Significant Factors

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

1. The increase to the annual health insurer tax: 1%
2. Plan design changes: 1.4%
3. Projected increases in medical and pharmacy claims: 5.5%

The factors above sum to the total average rate increase. 1) The annual health insurer tax for 2020 has been added. 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 2018, the average premium per member per month was \$501. The average paid claims per member per month was \$501.



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Key Assumptions

The annual cost trends used in developing the new rates:

- Medical: 1%
- Pharmacy: 6%

The projected rates are made up of the following components:

- Claims: 86%
- Administrative Costs: 4.6%
- Federal Taxes and fees: 2.9%
- States taxes and fees: 1.7%
- Commissions: 1.7%
- Contribution to surplus, profit, and risk margin to account for variability of claims: 3.0%