

# PART II RATE INCREASE JUSTIFICATION

St. Luke's Health Plan, Inc.  
Preliminary Rate Increase Justification for 2024  
Individual Health Benefit Plans

## RATE CHANGE

We estimate an overall average premium rate change of -2.6% for the 3,006 individual members enrolled with SLHP as of March 2023.

Rate changes are:

- uniform across regions within SLHP's service area,
- -2.2% for the Expanded Bronze and Expanded Bronze HSA Qualified plans,
- -3.3% for the Silver plan, and
- -3.5% for the Gold plan.

## MOST SIGNIFICANT FACTORS

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

- Changes in calibrated manual rate, including changes to expected pharmacy reimbursement and rebates from the 2023 rate filing assumptions: -4.5%
- Changes in Idaho's 1332 waiver program: -4.4%
- Medical and pharmacy cost trend: +4.3%
- Changes in projected demographic distribution: +4.2%
- Changes in retention: -2.2%

## FINANCIAL EXPERIENCE

St. Luke's Health Plan has no 2022 financial experience offering Individual market products.

## KEY ASSUMPTIONS

The annual cost trends used in developing the 2024 rates:

- Medical: 4%
- Pharmacy: 6%

The 2024 rates are made up of the following components:

- Claims: 101.0% of projected revenue
- Risk adjustment payment / (receipt): (-1.0%) of projected revenue
- Net market reinsurance payment / (receipt): (-18.3%) of projected revenue
- Administrative costs: 10.3% of projected revenue
- Federal taxes and fees: 0.1% of projected revenue
- State taxes and fees: 1.8% of projected revenue
- Exchange fees: 2.5% of projected revenue
- Commissions: 2.6% of projected revenue
- Contributions to surplus, profit, and risk margin: 1.0% of projected revenue