

# PART II RATE INCREASE JUSTIFICATION

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

## RATE CHANGE

We estimate an overall average premium rate change of 3.6% for the 21 small group members enrolled with SLHP as of March 2023.

Rate changes are:

- uniform across regions within SLHP's service area,
- 4.0% for the renewing Silver plan
- 8.5% for the renewing Silver HSA Qualified plan, and
- 3.5% for the renewing Gold plan.

## MOST SIGNIFICANT FACTORS

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

- Medical and pharmacy cost trend: 4.3%
- Changes in retention: +4.1%
- Changes in calibrated manual rate, including changes to expected pharmacy reimbursement and rebates from the 2023 rate filing assumptions and the impact of removing tobacco surcharges: -3.9%
- Changes in projected demographic distribution: -0.9%

## FINANCIAL EXPERIENCE

St. Luke's Health Plan has no 2022 financial experience offering Small Group 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: 80.6% of projected revenue
- Risk adjustment payment / (receipt): 1.0% of projected revenue
- Net market reinsurance payment / (receipt): 0.0% of projected revenue
- Administrative costs: 11.7% of projected revenue
- Federal taxes and fees: 0.1% of projected revenue
- State taxes and fees: 1.8% of projected revenue
- Exchange fees: 0.0% of projected revenue
- Commissions: 3.7% of projected revenue
- Contributions to surplus, profit, and risk margin: 1.0% of projected revenue