

SelectHealth Preliminary Rate Increase Justification for 2025 Small Group Health Benefit Plans

Rate Change

The average rate change for Small Employer plans is an increase of 8.3 percent. The actual rate change varies by selected benefit plan, geographic area and age of the member. The number of individuals impacted is 19,977.

Contributing Factors

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

1. The composition of the single risk pool
2. Medical and pharmacy cost increases

1) The claims experience and health risk for the ACA risk pool continue to be high. Inflation and deductible leveraging are also increasing costs. 2) The utilization and costs for these plans are projected to increase for facility, provider, and pharmacy claims.

Financial Experience

For 2023, the average premium per member per month was \$405. The average paid claims per member per month was \$344.

Key Assumptions

The annual cost trends used in developing the new rates:

- Medical: 6%
- Pharmacy: 3%

The new rates are made up of the following components:

- Claims: 82.3%
 - Administrative Costs: 8.7%
 - Federal Taxes and fees: 0.5%
 - States taxes and fees: 1.8%
 - Commissions: 3.7%
 - Contribution to surplus, profit, and risk margin to account for variability of claims: 3.0%
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