



P.O. Box 30192
Salt Lake City, UT 84130-0192
801-442-5038 / 800-538-5038
www.selecthealth.org

SelectHealth Preliminary Rate Increase Justification for 2023 Small Group Health Benefit Plans

Rate Change

The average rate change for Small Employer plans is an increase of 6.9 percent. The actual rate change varies by selected benefit plan, geographic area and age of the member. The number of individuals impacted is 16,427.

Most Significant Factors

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

1. An increase to projected risk adjustment payments: 0.8%
2. Current rates relative to current experience: 6.1%

The factors above sum to the total average rate increase. 1) The risk adjustment payout for this line of business is projected to be higher than previous projections. 2) Current rates relative to current experience produce a projected increase.

Financial Experience

For 2021, the average premium per member per month was \$379. The average paid claims per member per month was \$341.



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Key Assumptions

The annual cost trends used in developing the new rates:

- Medical: 2.0%
- Drug: 4.1%

The new rates are made up of the following components:

- Claims: 86.4%
- Administrative Costs: 4.7%
- Federal Taxes and fees: 0.1%
- States taxes and fees: 1.7%
- Commissions: 4.0%
- Contribution to surplus, profit, and risk margin to account for variability of claims: 3.0%