

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**

**Market: Virginia Individual**

**2019 Rate Filing**

**Rate Effective January 1, 2019 - December 31, 2019**

**Part II - Written Explanation of Rate Increase**

**Scope and Range of the Rate Increase**

The filed overall average premium rate change for January 1, 2019, is 32.1%. We have estimated that premium rate changes by member, for those enrolled as of January 2018, will range between 20.8% and 39.9%. This includes the impact of benefit and cost sharing changes, as well as regulatory changes.

This average premium rate change does not indicate that every member's rate will change by this amount. Premium rates are affected by the ages of those covered, family coverage and the benefit plan chosen.

**Summary of Historical Experience**

Financial results for the experience period of January 1, 2017 to December 31, 2017 were as

<b>2017</b>	
Member Months	638,526
Revenue	\$201,919,337
Medical Claims	-\$214,598,474
Reinsurance Receivable	\$16,970
Risk Adjustment Transfer	-\$33,679,411
Risk Corridor Transfer	\$0
Administration, Taxes, Fees	-\$34,061,051
Margin	-\$80,402,629

We estimate the following financial results for 2019 based on the requested average change, as a percentage of projected revenue:

Medical Claims	83.9%
Administrative Costs	8.2%
Taxes and Fees	2.9%
Margin	5.0%

**Changes in Medical Claims Costs**

We are projecting an annual increase in medical claims costs of 5.50%, based on our analysis of past medical cost trends for our Virginia individual portfolio and consideration of other factors likely to affect future trend.

**Changes in Benefits**

All plans available in 2018 will be renewed for 2019.

**Administrative Costs and Anticipated Contribution to Surplus**

We are assuming an annual increase in administrative costs of .0% based on our projected administrative costs for our Virginia individual portfolio.