

We are submitting this rate change because, when combined with quarterly rate changes from April 2014 through October 2014, the total increase is 16.6%.

The primary components of the annual increase of 16.6% are:

- 8.18% annual claim cost trend
- 2.76% new taxes and fees
- Claim costs increased 5.96% more than anticipated when setting the January 2014 rates, and
- Distribution expenses decreased 0.30% (as a percentage of premium).

This increase will affect 5,175 members when their policies renew between January 2015 and March 2015. Rates may change due to increases in age.

The anticipated Medical Loss Ratio for the rates for January 2015 is 82.10%.