

Over the calendar year 2015, the Idaho Individual block earned an estimated 7.9 million in risk-adjusted premium and incurred an estimated 8.1 million in claims, for a medical loss ratio of 103.4 percent. Claims expenses are shown before the impact of reinsurance and risk corridor. At this time we do not expect 2015 risk corridor payments to be made to issuers.

With the proposed rate increase, PacificSource projects that the Idaho Individual block will earn 6.4 million in premium in 2017 and incur approximately 5.3 million in claims, for a medical claims rate of 83.9 percent. Combined administrative expenses, commissions, taxes, and assessments are projected to be 14.2 percent of premium, leaving 1.8 percent of premium for contributions to reserves after taxes.

1,577 members are potentially affected by the requested rate increase, with increases that range from negative 7.9 percent to 30.1 percent. The wide range in premium impacts is primarily driven by network changes. In 2017 PacificSource will discontinue the broad PPO network PSN plans, and only the BrightIdea and SmartAlliance limited network plans will remain. The overall increase is affected by network changes, but is also affected by changes in medical service costs, changes in benefits, and administrative costs. Medical service costs increase each year, and utilization of services also changes. To account for these, medical trend of 5.5 percent and drug trend of 12.3 percent are used. Benefit changes have a small impact of lowering the rate increase, due mostly to small changes in member cost sharing structure. This is done partly to comply with federal regulations that the actuarial value of each plan be within a specified range for each metal level. Administrative costs have remained flat, and thus do not have a significant effect on the rate increase.