

District of Columbia 2015 Individual and Small Group Filings

Independent Actuarial Review Performed for DC Health Benefit Exchange Authority

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1 | Review Process

Review Process

- **Mercer/Oliver Wyman hired by DC HBX to assist with review of proposed 2015 rates**
 - Serve as an additional resource to DISB during period of heavy volume
 - Work collaboratively with DISB to identify areas where the assumptions lack support or are inconsistent with Federal or District regulations
 - Provide DC HBX with an independent opinion regarding 2015 rates proposed by the carriers

- **Review Process Undertaken by Mercer/Oliver Wyman**
 - Reviewed filings against 15 items which are required to be examined as part of an effective rate review program (HHS regulation 45 CFR 154.301)
 - Considered additional District specific requirements (e.g., merged risk pool, District specific age curve)
 - Provided DISB with questions to pose to carriers requesting additional support
 - Reviewed carrier responses to determine if additional support was needed and if so, provided DISB with additional questions
 - Provided weekly status reports to DISB and held weekly calls with DISB actuaries to discuss outstanding issues with the filings throughout the process

2 | Rate Increase Requests

Filed Increases vs. Mercer/Oliver Wyman Independent Analysis

	Originally Filed Rate Changes ¹		Mercer/OW Analysis	
	Individual	Small Group	Individual	Small Group
CareFirst BlueChoice	13.4%	12.9%	2.5%	8.1%
GHMSI	12.1%	12.1%	4.1%	6.5%
Aetna Health, Inc.	N/A	1.3%	N/A	-9.0%
Aetna Life Insurance Co.	-0.2%	-13.7%	-13.2%	-24.3%
UnitedHealthcare Insurance Co.	N/A	-5.2%	N/A	-6.8%
Optimum Choice, Inc.	N/A	-5.2%	N/A	-6.9%
UnitedHealthcare of the Mid-Atlantic	N/A	New ²	N/A	-1.2% ²
Kaiser	2.2%	6.8%	2.2%	6.8%

¹ Source: [http://disb.dc.gov/publications-list?after\[value\]\[date\]=&before\[value\]\[date\]=&keys=HIRFHBX2015&type=79&sort_by=title&sort_order=ASC](http://disb.dc.gov/publications-list?after[value][date]=&before[value][date]=&keys=HIRFHBX2015&type=79&sort_by=title&sort_order=ASC)

² UnitedHealthcare of the Mid-Atlantic is a new carrier to the DC small group market in 2015. Therefore, there are no current rates against which to calculate a rate increase. The value in the “Mercer/OW Estimates” column for this carrier reflects the adjustment to the filed rates that would result from applying the assumptions from the Mercer/Oliver Wyman independent analysis.

Sample 2015 Individual Market Rates - Single Coverage

Lowest Cost Silver Plan Offered by Each Carrier

	Monthly Premium - 27 Year Old			Monthly Premium - 55 Year Old		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$190.91	\$172.56	-\$18.35	\$455.09	\$411.35	-\$43.74
GHMSI	\$228.04	\$211.77	-\$16.27	\$543.59	\$504.80	-\$38.79
Aetna Life Insurance Co.	\$228.26	\$198.53	-\$29.73	\$544.12	\$473.24	-\$70.88
Kaiser	\$180.11	\$180.11	\$0.00	\$429.35	\$429.35	\$0.00

Lowest Cost Platinum Plan Offered by Each Carrier

	Monthly Premium - 27 Year Old			Monthly Premium - 55 Year Old		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$329.75	\$298.05	-\$31.70	\$786.05	\$710.49	-\$75.56
GHMSI	\$393.22	\$365.16	-\$28.06	\$937.35	\$870.46	-\$66.89
Aetna Life Insurance Co.	N/A	N/A	N/A	N/A	N/A	N/A
Kaiser	\$260.54	\$260.54	\$0.00	\$621.06	621.06	\$0.00

¹ Source: <http://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/2015QHPRateSubmissionData-IndividualRateComparison.pdf>

Sample 2015 Individual Market Rates – Coverage for Family of Four²

Lowest Cost Silver Plan Offered by Each Carrier

	Monthly Premium			Annual Premium		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$893.89	\$807.97	-\$85.92	\$10,727	\$9,696	-\$1,031
GHMSI	\$1,067.74	\$991.54	-\$76.20	\$12,813	\$11,899	-\$914
Aetna Life Insurance Co.	\$1,068.77	\$929.55	-\$139.22	\$12,825	\$11,155	-\$1,671
Kaiser	\$843.32	\$843.32	\$0.00	\$10,120	\$10,120	\$0

Lowest Cost Platinum Plan Offered by Each Carrier

	Monthly Premium			Annual Premium		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$1,543.97	\$1,395.57	-\$148.41	\$18,528	\$16,747	-\$1,781
GHMSI	\$1,841.16	\$1,709.76	-\$131.39	\$22,094	\$20,517	-\$1,577
Aetna Life Insurance Co.	N/A	N/A	N/A	N/A	N/A	N/A
Kaiser	\$1,219.91	\$1,219.91	\$0.00	\$14,639	\$14,639	\$0

¹ Source: <http://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/2015QHPRateSubmissionData-IndividualRateComparison.pdf>

² Assumes husband and wife both age 40 and 2 dependent children under the age of 21

Sample 2015 Small Group Market Rates – Gold Rates

Lowest Cost Gold Plan Offered by Each Carrier

Carrier	Monthly Premium - 27 Year Old			Monthly Premium - 55 Year Old		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$249.23	\$238.63	-\$10.60	\$594.11	\$568.85	-\$25.26
GHMSI	\$304.84	\$289.61	-\$15.23	\$726.66	\$690.36	-\$36.30
Aetna Health, Inc.	\$255.96	\$229.93	-\$26.03	\$610.16	\$548.12	-\$62.04
Aetna Life Insurance Co.	\$288.08	\$252.70	-\$35.38	\$686.73	\$602.38	-\$84.35
UnitedHealthcare Insurance Co.	\$236.42	\$232.43	-\$3.99	\$563.57	\$554.06	-\$9.51
Optimum Choice, Inc.	\$220.95	\$216.99	-\$3.96	\$526.70	\$517.26	-\$9.45
UnitedHealthcare of the Mid-Atlantic	\$207.24	\$204.75	-\$2.49	\$494.02	\$488.09	-\$5.93
Kaiser	\$249.81	\$249.81	\$0.00	\$595.50	\$595.50	\$0.00

¹ Source: <http://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/SHOPProposedRates2015.pdf>

Sample 2015 Small Group Market Rates – Platinum Rates

Lowest Cost Platinum Plan Offered by Each Carrier

Carrier	Monthly Premium - 27 Year Old			Monthly Premium - 55 Year Old		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$323.50	\$309.75	-\$13.75	\$771.15	\$738.36	-\$32.79
GHMSI	\$389.24	\$369.80	-\$19.44	\$927.85	\$881.50	-\$46.35
Aetna Health, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Aetna Life Insurance Co.	N/A	N/A	N/A	N/A	N/A	N/A
UnitedHealthcare Insurance Co.	\$302.99	\$297.88	-\$5.11	\$722.26	\$710.07	-\$12.19
Optimum Choice, Inc.	\$293.12	\$287.86	-\$5.32	\$698.72	\$686.19	-\$12.53
UnitedHealthcare of the Mid-Atlantic	N/A	N/A	N/A	N/A	N/A	N/A
Kaiser	\$287.39	\$287.39	\$0.00	\$685.08	\$685.05	\$0.00

¹ Source: <http://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/SHOPProposedRates2015.pdf>

Sample Small Group

Assume a Small Group with the Following Four Employees and Covered Dependents

- Employee 1: 40 year old employee
 38 year old spouse
 2 children

- Employee 2: 63 year old employee

- Employee 3: 27 year old employee
 25 year old spouse
 1 child

- Employee 4: 35 year old employee
 32 year old spouse

2015 Premium – Sample Small Group – Gold Coverage

Lowest Cost Gold Plan Offered by Each Carrier

Carrier	Monthly Premium			Annual Premium		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$3,163	\$3,208	-\$134	\$37,954	\$36,341	-\$1,614
GHMSI	\$3,869	\$3,675	-\$193	\$46,423	\$44,104	-\$2,319
Aetna Health, Inc.	\$3,248	\$2,918	-\$330	\$38,979	\$35,016	-\$3,963
Aetna Life Insurance Co.	\$3,656	\$3,207	-\$449	\$43,871	\$38,482	-\$5,389
UnitedHealthcare Insurance Co.	\$3,000	\$2,950	-\$51	\$36,003	\$35,396	-\$608
Optimum Choice, Inc.	\$2,804	\$2,754	-\$50	\$33,648	\$33,045	-\$603
UnitedHealthcare of the Mid-Atlantic	\$2,630	\$2,598	-\$32	\$31,560	\$31,181	-\$379
Kaiser	\$3,170	\$3,170	\$0	\$38,043	\$38,043	\$0

¹ Source: <http://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/SHOPProposedRates2015.pdf>

2015 Premium – Sample Small Group – Platinum Coverage

Lowest Cost Platinum Plan Offered by Each Carrier

Carrier	Monthly Premium			Annual Premium		
	Filed ¹	Mercer/OW	Difference	Filed ¹	Mercer/OW	Difference
CareFirst BlueChoice	\$4,105	\$3,931	-\$175	\$49,265	\$47,170	-\$2,095
GHMSI	\$4,940	\$4,693	-\$247	\$59,276	\$56,315	-\$2,961
Aetna Health, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Aetna Life Insurance Co.	N/A	N/A	N/A	N/A	N/A	N/A
UnitedHealthcare Insurance Co.	\$3,845	\$3,780	-\$65	\$46,141	\$45,362	-\$779
Optimum Choice, Inc.	\$3,720	\$3,653	-\$67	\$44,638	\$43,837	-\$800
UnitedHealthcare of the Mid-Atlantic	N/A	N/A	N/A	N/A	N/A	N/A
Kaiser	\$3,647	\$3,647	\$0	\$43,766	\$43,766	\$0

¹ Source: <http://disb.dc.gov/sites/default/files/dc/sites/disb/publication/attachments/SHOPProposedRates2015.pdf>

