

Written description justifying the rate increase

Anthem Health Plans of Maine (NAIC 52618)
Consumer Disclosure for Proposed Health Insurance Rate Increase
Individual Plans
Rate Change Effective January 1, 2024

Scope and Range of the Rate Increase

Anthem Health Plans of Maine has made an application to the Maine Bureau of Insurance for premium rate changes for its fully ACA-compliant individual health plan products. This increase will impact approximately 24,097 Maine insured members renewing on 1/1/2024 with Anthem Health Plans of Maine. At the individual plan level, rate increases range from 5.0% to 17.6%. A subscriber's actual rate could be higher or lower depending on the geographic location, age characteristics, dependent coverage and other factors. We expect some individuals will have an increase over 15%.

Financial Experience

Anthem Health Plans of Maine expects the proposed rate increase will cover projected medical trends and yield a medical loss ratio of 88.2%, meaning more than Eighty-Eight cents of each premium dollar are expected to go to covering our members' medical expenses and improving health care quality. This projected MLR of 88.2% exceeds the minimum MLR requirement of 80% as defined in the Affordable Care Act (ACA). In the event Anthem Health Plans of Maine's MLR is less than the Federal required minimum for a three-year period, Anthem will refund the difference to policyholders, consistent with federal regulations.

Drivers of Rate Increase

The primary drivers of premium increases are associated with increased cost of benefit expense for this ACA compliant block and the changes in the regulatory requirements. Increased cost of benefit expense is driven by increases in the price of services primarily from hospitals, physicians and pharmacies, coupled with members increasing their use of health care services, also called "utilization". Increases in the price of services are driven by technological advances, new specialty medications, and a variety of other factors. Increased utilization is driven by member level utilization and selection patterns in the Guaranteed Issue, Community Rated ACA market. The changes in the regulatory requirements includes the reduction of the coverage from the Maine Guaranteed Access Reinsurance Association (MGARA) program as result of the merging of the Individual and Small Group ACA markets in Maine, and the new mandated benefits.

Rates are in accordance with the regulatory framework and insurer participation in the market as of August 14, 2023. To the extent emerging data, changes to practice patterns, or requirements show that COVID-19 vaccinations, testing, and treatment are impacting costs significantly different than assumed or if there are changes in regulation or insurer participation, then these rates may no longer be appropriate and will be evaluated for resubmission.

Efforts to Control Costs

Anthem Health Plans of Maine is committed to working to hold down the cost of insurance and price the Individual ACA market for long term sustainability. We continue to explore innovative collaboration with providers and negotiate deeper discounts at our hospitals. And we provide members with tools to make informed decisions about where and how to receive treatment. Despite these efforts to moderate the cost of insurance, the projected cost of benefit expense in the market indicates a need for the premium increases filed.