

Rate Increase Justification

Today's Date: 9/15/2023

Issuer: Anthem Covered California

Rate Change Effective Date: January 1, 2024

Market: Individual Dental Plans

1. **Scope and range of the rate increase** — *Provide the number of individuals impacted by the rate increase. Explain any variation in the increase among affected individuals (e.g., describe how any changes to the rating structure impact premium).*

Premium rate changes for Affordable Care Act compliant Individual Market dental insurance plans for the 2024 plan year include an average annual rate increase of -1.0% percent with plan level annual rate increases ranging between -3.0% and 0.0%. This increase will impact approximately 16,968 renewing California Individual members in the first quarter of 2024.

2. **Financial experience of the product** — *Describe the overall financial experience of the product, including historical summary-level information on historical premium revenue, claims expenses, and profit. Discuss how the rate increase will affect the projected financial experience of the product.*

The primary driver of the overall premium decrease was analyses on the cost of healthcare and utilization by members. This includes changes in the "unit" cost of services primarily from dental providers, coupled with changes in the consumption of services, or "utilization," by members. The unit costs of services have increased which are driven by many things, including (but not limited to) provider fee changes, benefit waiting periods being satisfied, technology advances, and general inflationary pressures.

Anthem continues to effectively manage administrative and selling costs. Anticipated profits are not expected to materially change such that the changes would impact the proposed rate changes. The proposed premiums are set in an effort to maintain competitiveness in the market and minimize swings in the member's premiums over time caused by emerging changes in the market, utilization of dental services, and applicability of changing fees and taxes.

3. **Changes in Medical Service Costs** — *Describe how changes in medical service costs are contributing to the overall rate increase. Discuss cost and utilization changes as well as any other relevant factors that are impacting overall service costs.*

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4. **Changes in benefits** — *Describe any changes in benefits and explain how benefit changes affect the rate increase. Issuers should explain whether the applicable benefit changes are required by law.*

There are no changes in 2024 to the current dental benefits being offered.

5. **Administrative costs and anticipated margins** — *Identify the main drivers of changes in administrative costs. Discuss how changes in anticipated administrative costs and underwriting gain/loss are impacting the rate increase.*

No current increases in administrative costs are leading to increased costs of any significance for this plan year.