

Written Description Justifying the Rate Increase

Consumer Disclosure for Proposed Health Insurance Rate Increase
Anthem Blue Cross and Blue Shield of Connecticut
Connecticut Individual ACA Plans
Rate Change Effective January 1, 2025

Scope and Range of the Rate Increase

Anthem Blue Cross and Blue Shield of Connecticut (Anthem) has made an application to the Connecticut Department of Insurance for premium rate changes for its fully ACA-compliant Individual health plan products. This increase will impact approximately 63,000 Connecticut insured members renewing on 1/1/2025 with Anthem. At the individual plan level, rate increases range from 1.6% to 15.4%. A subscriber's actual rate could be higher or lower depending on the geographic location, age characteristics, dependent coverage, and other factors. Anthem expects roughly 18,500 members to have an increase over 15%.

Financial Experience

Anthem expects the proposed rate increase will cover projected medical trends and yield a medical loss ratio of 85.4%, meaning more than eighty-five cents of each premium dollar are expected to go to covering our members' medical expenses and improving health care quality. This projected MLR of 85.4% exceeds the minimum MLR requirement of 80% as defined in the Affordable Care Act (ACA). In the event Anthem'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. 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 ACA market.

The revised rates reflect guidance on assumptions from the CID.

Efforts to Control Costs

Anthem 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. 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 cost of benefit expense in the Individual ACA market has continued to outpace premium on a large scale due to the drivers described above. In light of emerging costs, 2025 premium increases are needed to price Anthem's ACA-compliant Individual health plan products for long term sustainability.