

**Innovation Health Insurance Company
Virginia Individual
Managed Choice Open Access - IH**

Summary

Innovation Health is filing premium rates for Individual plans in Virginia.

The new rates will apply to coverage effective in 2017. The current membership and range of rate changes by product are:

Product Name	Current Membership	Range of Increases
Managed Choice Open Access - IH	61,000	-0.1% - 20.8%; 12.1% Average

Why We Need to Increase Premiums

Medical costs are going up and we are changing our rates to reflect this increase. We expect medical costs to go up 4.7% excluding the effect of benefit or cost sharing changes. Medical costs go up for two reasons – providers raise their prices and members get more medical care. Examples of increasing medical costs we have experienced over the last year include:

- The cost for an inpatient hospital admission has increased 2.4%.
- Costs for pharmacy prescriptions have gone up 8.9%.
- The cost for an outpatient hospital service has increased 2.0%.
- The use of outpatient hospital services has increased 1.9%.
- The cost for a physician service has increased 1.7%.

What Else Affects Our Request to Increase Premiums

The federal ACA Reinsurance Program has ended. The discontinuation of this program will increase premiums 5.0%.

Changes to cost-sharing for some plans were made to comply with the actuarial value requirements and/or make our plans more attractive to consumers. This increases costs by up to 4.1%.

Will Premiums for All Individuals Increase 12.1%?

No, increases differ by plan. The exact rate change depends on what benefit plan the subscriber chooses, where the subscriber lives, and the ages and tobacco usage of family members. Individuals who purchase insurance through the Virginia Marketplace and qualify for advanced premium tax credits may see a different rate change, as the rate they pay depends upon the determination of the applicable government subsidy.

How does this request align to Minimum Loss Ratio Requirements (MLR)?

These rates are expected to produce an MLR equal to or above the 80% requirement for Individual business. Under the ACA, at least 80% of the premiums collected by health plans are expected to pay

for medical care and activities that improve health care quality for members. If the actual MLR turns out to be less than 80%, rebates will be issued to members in accordance with the law.

Innovation Health makes significant investments that benefit our members that the government does not allow us to use in this calculation. These investments include customer service, health quality activities like disease management programs, and the development of new information technologies.

What is Innovation Health doing to keep premiums affordable?

Innovation Health strives to keep our products as affordable as possible and to address the underlying cost of health care. We are:

- Developing new agreements, arrangements, and partnerships with health care providers that base provider compensation on the quality of care.
- Creating medical management programs that address potential health issues for members earlier, improving health outcomes and reducing the need for high-cost health care services.
- Working to reduce the ability of out-of-network providers to collect unreasonably excessive payments for services they provide.

We are dedicated to increasing transparency within the health care system and helping members best utilize the plans that they have. Members can access Aetna Navigator, a secure member website, which allows them to research their specific plan benefits, health care providers in a given area, and in some locations, the cost of certain health care services. [The Aetna Navigator streamlined mobile app is also available to allow members to take their care on the go.]

Additionally, Aetna's Plan for Your Health website aims to educate all consumers on how to take advantage of their health care benefits.