

**Innovation Health Plan, Inc.  
Virginia Small Group  
HMO Products**

## **Summary**

Innovation Health Plan, Inc. has filed 2017 premium rates for small group plans in Virginia.

### **Who is affected?**

Policies that renew in 2017 in the following products will be affected:

<u>Product Name</u>	<u># Members as of January 2016</u>	<u>Range of Increases</u>
Aetna Health Maintenance Organization - IH	11,287	2.2% - 24.4%; 11.1% Average
HMO On-Exchange - IH	86	15.6% - 19.8%; 18.2% Average

2017 Premium rates for members in the above products will increase by 2.2% - 24.4% in plans listed for Aetna Health Maintenance Organization - IH. Increases are determined by the member's plan and rating area in which they are located.

### **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 7.0%. Medical costs go up mainly for two reasons – providers raise their prices and members get more medical care.

For Small Employers in Virginia, some examples of increasing medical costs we have experienced in the last 12 months include:

- The cost for an inpatient hospital admission has increased 3.2%.
- The cost for outpatient hospital services has increased 2.9%.
- The use of outpatient hospital services has increased 2.4%.

Pharmacy prescriptions costs are going up by 8.9%, as more members use more prescriptions and pharmaceutical companies increase their prices and develop new high-cost specialty drug treatments.

### **What Else Affects Our Request to Increase Premiums**

Our projections of average population morbidity and the projected risk adjustment transfers have changed, due to additional data about market average premiums and morbidity. We considered the expected relationships between the morbidity of the community-rated policies and the likely population that will be covered by Small Group Single Risk Pool policies in 2017.

## **Will Premiums for All Individuals Increase 11.1%?**

No, Increases differ by plan. Some premiums will increase by less than average or even go down. Others will increase by more than the average.

The exact rate change will depend on what benefit plan the individual chooses, when the member's group contract renews, the age and family size and age for enrolling employees, employer contributions and the rating area in Virginia where the member is located.

## **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 small group 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 Aetna doing to keep premiums affordable?**

Innovation Health is taking a number of steps to keep our products as affordable as possible and to address the underlying cost of health care. These actions include:

- Developing new agreements, arrangements, and partnerships with health care providers that base provider compensation on the quality of care and not the quantity of services.
- 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.

Innovation Health is 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. Additionally, Aetna's DocFind directory helps members locate in-network doctors and hospitals to save money on their care. The Aetna Navigator streamlined mobile app is also available to allow members to take their care on the go.