

**Aetna Life Insurance Company
Delaware Individual
PPO**

Summary

Aetna is filing rates for Individual plans in Delaware. This filing proposes to decrease average premium rates by 2.5%.

Who is affected?

The rates will apply to policies that start or renew from January 2015 through December 2015. Approximately 2,000 members are enrolled in plans to which the new rates will apply. Some plans in this market may not be available for renewal, including those issued through the Marketplace in 2014. Members in those plans will be able to enroll in the new plans included in this filing, or enroll in other coverage offered through the Marketplace.

Will Premiums for All Individuals Decrease 2.5%?

No, the 2.5% is an average. Some premiums will decrease by less or even go up. Others will decrease by more than the average. The exact rate change will depend on what benefit plan the subscriber chooses, the number of family members and their ages, and which members use tobacco.

Changes in the premium that members pay will also depend on whether the current policy complies with ACA requirements that took effect on January 1, 2014, and the impact of changes in government tax subsidies.

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.

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

What is Aetna doing to keep premiums affordable?

Aetna 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.

Aetna is also 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 Plan for Your Health website aims to educate all consumers, not just Aetna members, on how to take advantage of their health care benefits.

What kinds of medical services are causing this rate decrease?

<u>Medical Service</u>	<u>Per Member Per Month Decrease</u>	<u>Portion of Decrease</u>
Hospital Inpatient – Care in a Hospital	\$3.97	-66.4%
Outpatient – Care in a hospital or other facility that doesn't require an overnight stay	\$5.95	-99.6%
Professional Services – Payments to doctors and other healthcare professionals	\$6.83	-114.4%
Prescription Drugs – Medicines you need a prescription to buy	\$4.34	-72.6%
Ancillary Services – Medical supplies, ambulance fees, etc.	\$9.00	-150.8%
Capitation – A fixed per person payment the insurer pays to a provider to cover a person's medical costs	\$0.00	0.0%
Current Medical Cost Adjustment – The difference between what your insurer thought it was going to pay for medical services and what it actually paid during the current year	-\$38.68	647.6%
Cost Sharing – Changes in deductibles, copayments, benefits, etc.	\$2.62	-43.9%
Total Medical Service Cost Changes	-\$5.97	100.0%

What kinds of non-medical expenses are causing this rate decrease?

<u>Medical Expense</u>	<u>Per Member Per Month Decrease</u>	<u>Portion of Decrease</u>
Administrative Expenses – Marketing, claims processing, and other costs to the company	-\$0.16	10.3%
Taxes and Fees – Amount the company pays in taxes and fees, including taxes and fees required by the ACA	-\$1.11	71.8%
Underwriting Gain/Loss – Amount the company keeps after paying claims and administrative expenses	-\$0.28	17.9%
Total non-medical expense changes	-\$1.55	100.0%

How would my insurance company use my premium?

<u>Type of Cost</u>	<u>Per Member Per Month</u>	<u>Portion of Rate</u>
Medical Services – Cost of providing healthcare services to policyholders	\$313.87	77.2%
Administrative Expenses – Marketing, claims processing, and other costs to the company	\$40.72	10.0%
Underwriting Gain/Loss – Amount the company keeps after paying claims and administrative expenses	\$13.21	3.3%
Taxes and Fees – Amount the company pays in taxes and fees, including taxes and fees required by the ACA	\$38.56	9.5%
Total Requested Rate	\$406.35	100.0%

Last three rate increases for this product:

<u>Year</u>	<u>Requested</u>	<u>Got</u>
2014	N/A	N/A
2013	N/A	N/A
2012	N/A	N/A