

Aetna Health, Inc.  
Delaware Individual  
HMO Products

**Summary**

Aetna Health, Inc. is filing premium rates for Individual plans in Delaware.

The new rates will apply to coverage effective as of January 1, 2017. The overall proposed average rate increase is 25.0%. The current membership and range of rate changes by product are:

| <u>Product Name</u> | <u>Current Membership</u> | <u>Range of Increases</u> |
|---------------------|---------------------------|---------------------------|
| HMO On-Exchange     | 1,368                     | 19.6% - 30.7%; avg 24.9%  |
| HMO Off-Exchange    | 163                       | 19.5% - 30.7%; avg 26.6%  |

**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 11.0% 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 of Pharmacy scripts has increased 9%
- The cost of Inpatient Facility visits has increased 6%

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

There were 11,470 member months in 2015, with revenues of \$3,503,970 and claims of \$3,625,667 including the impacts of Risk Adjustment and Reinsurance. Claims experience for this market has been worse than anticipated. Part of the rate increase is needed to ensure that we can continue to offer coverage in this market.

| <b>Factor</b>                             | <b>Rate Change</b> |
|---|--------------------|
| Base Experience                           | 10.1%              |
| Trend                                     | 11.0%              |
| Changes in Federal Reinsurance Program    | 5.0%               |
| Retention (incl. removal of HIF for 2017) | <u>-2.6%</u>       |
| <b>Total</b>                              | <b>25.0%</b>       |

As described above, medical costs are going up and we are changing our rates to reflect this increase.

The federal ACA Reinsurance Program has ended. The discontinuation of this program will increase premiums 5%.

Finally, retention has decreased primarily due to the 2017 suspension of the Health Insurer Fee.

### **Will Premiums for All Individuals Increase 25.0%?**

No, increases differ by plan. The exact rate change depends on what benefit plan the subscriber chooses and the ages and tobacco usage of family members. Individuals who purchase insurance through the Delaware 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.

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, health quality activities like disease management programs, and the development of new information technologies.

### **What is Aetna doing to keep premiums affordable?**

Aetna 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.

Aetna Health, Inc. & Aetna Health Ins. Co.  
Delaware Small Group  
HMO-based Products

**Summary**

Aetna is filing premium rates for Small Group plans in Delaware.

The new rates will apply to plan years effective in 2017. The overall proposed average rate increase is 23.2%. The current membership and range of rate changes by product are:

| <u>Product Name</u> | <u># Members as of January 2016</u> | <u>Range of Increases</u> |
|---------------------|-------------------------------------|---------------------------|
| HMO                 | 6,252                               | 13.5% - 27.9%             |

**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 10.9% 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 of Pharmacy scripts has increased 9%
- The cost of Inpatient Facility visits has increased 6%

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

There were 109,401 member months in 2015 between AHI-AHIC and ALIC, with revenues of \$49,716,067 and claims of \$33,008,782 including the impact of Risk Adjustment. Our favorable claims experience for this market resulted in the rate decreases that were filed in 2016.

| <b>Factor</b>                             | <b>Rate Change</b> |
|---|--------------------|
| Base Experience                           | 4.4%               |
| Trend                                     | 10.9%              |
| Cost Sharing / Plan Mapping Changes       | 8.0%               |
| Retention (incl. removal of HIF for 2017) | <u>-1.6%</u>       |
| <b>Total</b>                              | <b>23.2%</b>       |

As described above, medical costs are going up and we are changing our rates to reflect this increase.

Changes to the plan offerings and cost-sharing for some plans were made to comply with the actuarial value requirements or make our plans more attractive to consumers.

Finally, retention has decreased primarily due to the suspension of the Health Insurer Fee for the portion of policies in 2017.

### **Will Premiums for All Small Groups Increase 23.2%?**

No, increases differ by plan. The exact rate change depends on what benefit plan the group chooses, when the group's contract renews, and the ages and family sizes of enrolling employees. Rates charged to employees also depend upon any change in the amount of premium paid by the employer.

### **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.

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, health quality activities like disease management programs, and the development of new information technologies.

### **What is Aetna doing to keep premiums affordable?**

Aetna 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.

Aetna Life Insurance Company  
Delaware Individual  
PPO Products

**Summary**

Aetna Life Insurance Company is filing premium rates for Individual plans in Delaware.

The new rates will apply to coverage effective as of January 1, 2017. The overall proposed average rate increase is 23.9%. The current membership and range of rate changes by product are:

| <u>Product Name</u> | <u>Current Membership</u> | <u>Range of Increases</u> |
|---------------------|---------------------------|---------------------------|
| PPO On-Exchange     | 1,237                     | 18.8% - 28.7%; avg 23.3%  |
| PPO Off-Exchange    | 847                       | 18.8% - 28.7%; avg 24.8%  |

**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 11.0% 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 of Pharmacy scripts has increased 9%
- The cost of Inpatient Facility visits has increased 6%

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

There were 21,913 member months in 2015, with revenues of \$5,796,646 and claims of \$5,760,489 including the impacts of Risk Adjustment and Reinsurance. Claims experience for this market has been worse than anticipated. Part of the rate increase is needed to ensure that we can continue to offer coverage in this market.

| <b>Factor</b>                             | <b>Rate Change</b> |
|---|--------------------|
| Base Experience                           | 9.1%               |
| Trend                                     | 11.0%              |
| Changes in Federal Reinsurance Program    | 5.0%               |
| Retention (incl. removal of HIF for 2017) | <u>-2.6%</u>       |
| <b>Total</b>                              | <b>23.9%</b>       |

As described above, medical costs are going up and we are changing our rates to reflect this increase.

The federal ACA Reinsurance Program has ended. The discontinuation of this program will increase premiums 5%.

Finally, retention has decreased primarily due to the 2017 suspension of the Health Insurer Fee.

### **Will Premiums for All Individuals Increase 23.9%?**

No, increases differ by plan. The exact rate change depends on what benefit plan the subscriber chooses and the ages and tobacco usage of family members. Individuals who purchase insurance through the Delaware 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.

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, health quality activities like disease management programs, and the development of new information technologies.

### **What is Aetna doing to keep premiums affordable?**

Aetna 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.

Aetna Life Insurance Company  
 Delaware Small Group  
 PPO-based Products

**Summary**

Aetna is filing premium rates for Small Group plans in Delaware.

The new rates will apply to plan years effective in 2017. The overall proposed average rate increase is 18.6%. The current membership and range of rate changes by product are:

| <u>Product Name</u> | <u># Members as of January 2016</u> | <u>Range of Increases</u> |
|---------------------|-------------------------------------|---------------------------|
| PPO                 | 501                                 | 12.0% - 27.7%; avg 18.6%  |
| Indemnity           | 0                                   | 25.4%                     |

**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 10.9% 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 of Pharmacy scripts has increased 9%
- The cost of Inpatient Facility visits has increased 6%

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

There were 109,401 member months in 2015 between AHI-AHIC and ALIC, with revenues of \$49,716,067 and claims of \$33,008,782 including the impact of Risk Adjustment. Our favorable claims experience for this market resulted in the rate decreases that were filed in 2016.

| <b>Factor</b>                             | <b>Rate Change</b> |
|---|--------------------|
| Base Experience                           | 6.7%               |
| Trend                                     | 10.9%              |
| Cost Sharing / Plan Mapping Changes       | 2.6%               |
| Retention (incl. removal of HIF for 2017) | <u>-2.3%</u>       |
| <b>Total</b>                              | <b>18.6%</b>       |

As described above, medical costs are going up and we are changing our rates to reflect this increase.

Changes to the plan offerings and cost-sharing for some plans were made to comply with the actuarial value requirements or make our plans more attractive to consumers.

Finally, retention has decreased primarily due to the suspension of the Health Insurer Fee for the portion of policies in 2017.

### **Will Premiums for All Small Groups Increase 18.6%?**

No, increases differ by plan. The exact rate change depends on what benefit plan the group chooses, when the group's contract renews, and the ages and family sizes of enrolling employees. Rates charged to employees also depend upon any change in the amount of premium paid by the employer.

### **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.

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, health quality activities like disease management programs, and the development of new information technologies.

### **What is Aetna doing to keep premiums affordable?**

Aetna 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.

## Delaware Health Insurance Rate Filing Requirements

### Part II Preliminary Justification—Content and Format Requirements

#### General Information

- Company Legal Name: **Highmark BCBSD Inc.**
- Market for which proposed rates apply (Individual or Small Group) : **Individual Market**
- Total proposed rate change (increase/decrease): **32.5%**
- Effective date of proposed rate change: **January 1, 2017**

#### Summary

- Provide a brief narrative summary of the scope and range of the rate change (i.e., increase or decrease) as well as the number of people impacted. Include how the rate change varies across products/plans.

**The overall rate increase of 32.5% will affect 11,629 members projected to be underwritten in 2017. The rate change will vary by product in a range from a minimum of 24.1% to a maximum of 35.8%.**

- Provide a summary of the historical revenue, claims, expenses and profit on the product(s), and how the rate change should impact these in the future.

**The attached data set requested by the Delaware Insurance Department contains a summary of revenue, claims and expenses. Revenue is expected to increase with the rate change, claims are expected to increase with trend and expenses are not expected to change since the enrollment is not expected to change significantly.**

- Provide a chart listing all components of the proposed rate change (increase/decrease).

| Factor                                     | Rate Change  |
|--|--------------|
| Base Experience                            | 6.8%         |
| Trend - Experience Year to Projection Year | 3.7%         |
| Changes in ACA Risk Adjustment             | 1.3%         |
| Changes in Federal Reinsurance Program     | 5.2%         |
| Retention                                  | 0.4%         |
| Essential Health Benefit Changes           | 0.0%         |
| Network Change                             | 0.0%         |
| Age and Tobacco Adjustment                 | 2.0%         |
| Morbidity                                  | 7.7%         |
| Increase in Coverage Value                 | <u>1.7%</u>  |
| <b>Total</b>                               | <b>32.5%</b> |

- Provide a brief explanation for the rate change in each of the factors shown in the chart.

**Base Experience – increase in CMS required starting claim base for rate development.**

**Trend – the projected cost change is primarily due to an increase in utilization.**

**Changes in ACA Risk Adjustment – Current filing assumes statewide average risk and therefore, no receivable.**

**Changes in Federal Reinsurance program – Due to the elimination of the federal reinsurance program in 2017.**

**Retention – net change in retention components including administrative expense, taxes, licenses and fees, and profit and risk.**

**Age and tobacco adjustment – increase due to the aging of the assumed population.**

**Morbidity – The morbidity adjustment reflects multiple changes, including blending of the ACA pool and new members from multiple sources including uninsured and the employer markets.**

**Increase in coverage value – This reflects the increase in cost due to the assumed average value reduction in cost share.**

**Reason for Proposed Rate Change (Increase/Decrease)**

- The proposed rate change is due to the items discussed in the above proposed rate chart.
- Due to changes in provider costs and additional utilization of the population, the assumed trend is a necessary component of the change.
- The loss of the temporary Federal reinsurance program for 2017 is a major driver of the proposed rate change.
- The combined retention incorporated into the rate development had a minor contribution to the proposed rate change.

**Effect of the Average Proposed Rate Change (Increase/Decrease) on Policyholders**

- Provide the period for which the rates will apply.

**January 1, 2017 – December 31, 2017**

- Provide the number of members affected by the proposed rate change.

**11,629 members**

- Provide a brief narrative discussing new plans, plans that are not renewed and whether the proposed rate change applies to all plans. If no, provide a listing of all proposed rate changes by product/plan.

**New and non-renewed Plans are NOT included in the overall average rate change calculation for 2017.**

**Highmark is introducing two new plans:**

|                       |   |
|-----------------------|---|
| <b>76168DE0560005</b> | <b>Shared Cost Blue PPO</b>             |
| <b>76168DE0650001</b> | <b>Health Savings Embedded EPO 1700</b> |

**Non-Renewed Plans**

|                       |  |
|-----------------------|--|
| <b>76168DE0410004</b> | <b>Shared Cost Blue EPO 300</b>              |
| <b>76168DE0410002</b> | <b>Shared Cost Blue EPO 0</b>                |
| <b>76168DE0410006</b> | <b>Shared Cost Blue EPO 1000</b>             |
| <b>76168DE0560001</b> | <b>Shared Cost Blue PPO 1500</b>             |
| <b>76168DE0410011</b> | <b>Shared Cost Blue EPO 1550</b>             |
| <b>76168DE0560002</b> | <b>Shared Cost Blue PPO 1800</b>             |
| <b>76168DE0420002</b> | <b>Health Savings Blue EPO 2000</b>          |
| <b>76168DE0410008</b> | <b>Shared Cost Blue EPO 3000</b>             |
| <b>76168DE0390002</b> | <b>Blue Cross Blue Shield EPO 2100 (MSP)</b> |
| <b>76168DE0390001</b> | <b>Blue Cross Blue Shield EPO 3100 (MSP)</b> |
| <b>76168DE0470005</b> | <b>Shared Cost Blue EPO 300</b>              |
| <b>76168DE0470004</b> | <b>Shared Cost Blue EPO 0</b>                |

|                |                              |
|----------------|------------------------------|
| 76168DE0470003 | Shared Cost Blue EPO 1000    |
| 76168DE0570001 | Shared Cost Blue PPO 1500    |
| 76168DE0470007 | Shared Cost Blue EPO 1550    |
| 76168DE0480002 | Health Savings Blue EPO 2000 |
| 76168DE0470002 | Shared Cost Blue EPO 3000    |

- Discuss why the rate changes vary and how they vary.

**Rate changes vary depending on actuarial value, benefit richness and eligibility for catastrophic coverage.**

### **Medical Loss Ratio (MLR)**

*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 falls below 80%, the insurance company will issue rebates to members in accordance with the law.*

- What is the projected MLR for the proposed rate(s)?

**The anticipated medical loss ratio is about 88.1% relative to total premium less taxes and fees. This loss ratio is calculated consistently with the federally prescribed MLR methodology.**

- How does the proposed rate change (increase/decrease) align with the projected MLR?

**The anticipated medical loss ratio is about 88.1% relative to total premium less taxes and fees. This loss ratio is calculated consistently with the federally prescribed MLR methodology.**

- What types of activities does the Company conduct to improve the health care quality for members that are included as part of the 80% (or greater) share?

**Highmark Delaware continues to focus efforts on care management activities in order to lower the future medical cost for its members. Clinical teams, led by experienced doctors and nurses, analyze claim data to identify opportunities for more efficient care delivery and lower medical cost trends.**

- Discuss specifically what the Company is doing to keep premiums affordable.

**Highmark Delaware products that include patient centered medical home (PCMH) programs aimed to improve the quality, effectiveness, and efficiency of care. As health care continues to evolve, Highmark Delaware remains committed to providing a variety of product offerings to meet the needs of individuals and families.**

## Part II Preliminary Justification

### General Information

Highmark Blue Cross Blue Shield Delaware Inc. (Highmark Delaware) has filed an average rate increase of 2.7% for 2017 ACA-qualifying small group products with effective dates from January 1, 2017 through December 31, 2017.

### Summary

The 2.7% average rate increase is across all benefit plans and effective dates in 2017. The average plan design specific rate increases range from 0.4% to 6.4%. The exact premium change for a small group will depend on their effective date, the plan design they choose, as well as the age composition of the employees and dependents covered on the effective date in 2017.

The rate increases will impact approximately 23,000 members in the small group market.

For calendar year 2015 for its small group market ACA products, Highmark Delaware collected \$134.6 million in premium and incurred expenses of \$108.2 million in claim costs and \$18.3 million in administrative expenses, taxes, and fees for an operating margin of approximately \$8.1 million. The medical loss ratio of claims divided by premium was over 80%. The proposed rate change is expected to continue a medical loss ratio over 80% as required by law.

The Total Proposed Rate Change is broken down into the following categories of increases and decreases:

| Factor   | Rate Change  |
|--|--------------|
| Base Experience (2015/2014)                    | 4.5%         |
| Projection Year Claims (2017/2016)             | 0.2%         |
| Insured Population Changes                     | -4.4%        |
| Projected Risk Adjustment Payable              | 0.9%         |
| Change in Pricing of Benefit (Actuarial) Value | 2.6%         |
| Change in Reinsurance Premium Tax              | -0.4%        |
| <u>Retention (Admin, Taxes, Fees)</u>          | <u>-0.5%</u> |
| <b>Total</b>                                   | <b>2.7%</b>  |

The proposed average rate change is 2.7% as shown above.

The average rate change of 2.7% was derived based on an actual base experience period average claim increase of 4.5% from 2014 to 2015 while a small increase to the anticipated prescription drug trend added 0.2% to rates from last year to this year. Expected changes to

the insured population reduced rates by 4.4% while projected risk adjustment payments and changes in the pricing of the cost of benefits increased rates by 0.9% and 2.6%, respectively. In 2017 the small group market no longer has to contribute to the federal reinsurance program which lowered rates by 0.4%, while changes in retention (administrative expenses, taxes, fees) lowered rates an additional 0.5%. Multiplying these factors together results in an average rate change of 2.7% (i.e.  $1.045*1.002*(1-0.044)*1.009*1.026*(1-0.004)*(1-0.005)=1.027$ ).

### **Reason for Proposed Rate Change (Increase/Decrease)**

The primary driver of the rate increase is ensuring that 2017 premiums adequately cover the anticipated provider claim costs and member utilization for the insured population in 2017.

The cost of medical and prescription drug services increases annually due to higher demand for services by the members (utilization) and higher reimbursement required to maintain our provider network (unit cost).

Changes in administrative expenses, taxes, fees, and anticipated profits lowered the rate increase slightly by 0.5%. Legally required benefit changes had minimal impact on the rate change.

### **Effect of the Average Proposed Rate Change (Increase/Decrease) on Policyholders**

The 2017 average rate change of 2.7% on policyholders will affect 23,000 members but will not apply uniformly to all plan designs. The rate increase will vary by plan design and effective date in 2017 due to the inclusion of quarterly rate changes in the small group market. The rates will also vary by plan design due to benefit adjustments that were made to maintain their metallic value (Platinum, Gold, Silver, and Bronze) in 2017 while remaining competitive in the small group ACA marketplace. Additionally, some out of pocket maximum parameters were changed to keep up with the rising cost of health care. Highmark Delaware will introduce three new plan designs in 2017 to a portfolio that contains a total of 40 plan designs across all four metal levels (Platinum, Gold, Silver, and Bronze).

### **Medical Loss Ratio (MLR)**

The anticipated medical loss ratio is 84.2% relative to total premium less taxes and fees. This loss ratio is calculated consistent with the federally prescribed MLR methodology, which is above the 80% threshold required by law.

Highmark Delaware continues to focus efforts on care management activities in order to lower the future medical cost for its members. Clinical teams, led by experienced doctors and nurses, analyze claim data to identify opportunities for more efficient care delivery and lower medical cost trends.

As health care continues to evolve, Highmark Delaware remains committed to providing a variety of product offerings to meet the needs of small employers.