

# Rate Change Justification for 2018

Carrier: Health Plan of Nevada

Average Change: 36.8% Min: 20.3% Max: 41.6%

## HMO Plans offered by County and Metallic Level on January 1, 2017 and proposed for 2018:

	Catastrophic		Bronze		Silver		Gold		Platinum	
	On Ex	Off Ex	On Ex	Off Ex	On Ex	Off Ex	On Ex	Off Ex	On Ex	Off Ex
Clark & Nye Counties in 2017	1	0	3	5	5	7	1	1	0	0
Clark & Nye Counties in 2018	1	0	3	5	5	7	1	1	0	0
Washoe County in 2017	1	0	3	5	5	7	1	1	0	0
Washoe County in 2018	1	0	3	5	5	7	1	1	0	0
Lyon, Carson, Storey, & Douglas Co. in 2017	1	0	3	5	5	7	1	1	0	0
Lyon, Carson, Storey, & Douglas Co. in 2018	0	0	0	0	0	0	0	0	0	0
All other Counties in 2017	1	0	3	5	5	7	1	1	0	0
All other Counties in 2018	0	0	0	0	0	0	0	0	0	0

**Explanation of the Rate:** The average rate increase from January 1, 2017 to January 1, 2018 is 36.8% with a minimum increase of 20.3% and a maximum increase of 41.6%. The increase will impact 48,192 Nevadans. Health Plan of Nevada took a loss in 2016 on individual business due to the high volume and claims and the premiums were inadequate, 2017 is projected to take another loss, and premiums need to be increased to cover the costs. Benefit changes have been made to comply with actuarial value ranges required for each metallic level, and overall this has a slight favorable impact on the rates, though negative impact on the benefits. Other factors contributing to a needed average increase in rates stem from cost of care increases and changes in the use of health care services. Each year health care providers, including doctors, hospitals, and pharmaceutical companies, demand a higher and higher payment for their services and these payment increases are reflected in the rates. Additionally, new drugs and the change of the use of services have an impact on the rates. In addition, the federal risk adjustment program has caused Health Plan of Nevada to pay out more than was expected to other carriers for the better than expected morbidity of the population, and these costs need to be recouped. An adjustment has also been made to Silver on-exchange plans for the possible defunding of cost sharing reduction payments from the government. Administrative costs for 2018 have actually decreased as commissions have been lowered and this has a favorable impact on the rates. Due to the high risk of the business and uncertainty of the individual mandate, margins and projected morbidity have been increased which has also contributed to the high rate increases. Finally, in 2017, a moratorium was given to health insurers on the insurer tax, but in 2018 that tax will be coming back, and part of the increase will go to funding that tax.