

CareSource Consumer Justification Narrative

CareSource Indiana Co. (CareSource) began offering health exchange coverage in 2015 to Indiana residents in 23 counties. By 2018, CareSource will expand health exchange coverage to Indiana residents in 79 counties, providing coverage in the majority of counties across the State of Indiana. CareSource in 2017 has very competitive benefit and premium offerings within the Indiana Marketplace.

CareSource's 2018 premiums are based on our 2016 claims experience. The amount of premium collected in 2016 was not sufficient to cover all of CareSource's claims and administrative expenses incurred by members in the plan during that time period. This imbalance in revenue versus expense to the plan makes up a small portion of the 20.0% premium increase requested from 2017 to 2018. Medical and prescription drug inflation are also factors in the increase as the cost per service and the number of services sought continue to increase. Changes in the federal age curve, prescribed by the Centers for Medicare & Medicaid Services (CMS), which dictate the amount of premium issuers can charge members based on age make up a portion of the premium increase requested from 2017 to 2018. Uncertainty around cost-sharing reduction (CSR) funding is another contributor to the 2018 rate increase. CareSource will require increases in premium in order to adequately fund CSR liabilities. Lastly, multiple Indiana health insurers will exit the ACA Marketplace for 2018 plan year. Due to this we expect the overall health risk of the IN Marketplace to worsen. As the market disruption will lead to plan selection bias where only consumers with the greatest need for health insurance would purchase, while healthier consumers may exit the market entirely. Therefore CareSource is requesting additional premium increases for 2018 due to anticipated increases in member claims costs.

CareSource continuously reviews our plan offerings based on a combination of member feedback and plan performance. Our goal for our product portfolio in 2018 was to continue to provide consumers choice in plan offerings while also maintaining benefit structure. CareSource will continue to offer the majority of our 2017 plans for 2018 and have modified the plans to focus on health outcomes, improve consumer experience and meet the required metal actuarial value levels. Our mission in each market in which we operate is to support those most in need of healthcare services. Even with an increase to our premiums we believe that CareSource's product offering in Indiana will be competitive amongst the options that will be available to consumers in 2018.