

CareSource Consumer Justification Narrative

CareSource Indiana Co. (CareSource) began offering health exchange coverage in 2015 to Indiana residents in 23 counties and in 2019 will have plans available in 79 counties. CareSource continuously reviews our plan offerings based on a combination of member feedback and plan performance. Our goal for our product portfolio in 2019 is to continue to provide consumers choice in plan offerings while also maintaining benefit structure. CareSource will continue to offer the majority of our 2018 plans for 2019 and has modified the plans to focus on health outcomes, improve consumer experience and meet the required metal actuarial value levels.

CareSource's 2019 premiums are based on our 2017 claims experience. The amount of premium collected in 2017 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 5.4% premium increase requested from 2018 to 2019. 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. Additionally, the removal of the individual mandate will increase the overall health risk of the Indiana marketplace due to plan selection bias. Consumers with the greatest need for health insurance will tend to maintain coverage while healthier consumers may forgoe coverage. Therefore CareSource will require an increase in premiums in order cover the expected increase in claims costs.

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 2019.