

CareSource Consumer Justification Narrative

CareSource began offering health exchange coverage in 2014 to Ohio residents in 30 counties and in 2018 will have plans available in 59 counties. CareSource continuously reviews our plan offerings based on a combination of member feedback and plan performance. Our goal for our product portfolio in 2018 is 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 has modified the plans to focus on health outcomes, improve consumer experience and meet the required metal actuarial value levels.

CareSource's 2018 premiums are based on the 2016 plan year 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 portion of the 36.5% premium increase requested from 2017 to 2018. Additionally, effective July 2016, Ohio changed its Medicaid program, resulting in a number of previously qualified aged, blind and disabled (ABD) individuals seeking federally subsidized private insurance on the exchange beginning in 2017. ABD members have higher healthcare costs than the statewide membership enrolled in 2016. We estimate that the statewide premium will increase approximately 5% as a result of this eligibility change in Medicaid. Moreover, multiple Ohio health insurers will exit the ACA Marketplace for 2018 plan year, increasing the overall health risk of the OH Marketplace due to plan selection bias where only consumers with the greatest need for health insurance maintain coverage while healthier consumers may exit the market entirely causing increases in member claims costs. Medical and prescription drug inflation make up approximately 5% of the increase as the cost per service and the number of services sought continue to increase. Lastly, uncertainty around cost-sharing reduction (CSR) funding is a major contributor to the 2018 rate increase. CareSource will require a 12.2% increase in premiums in order to adequately fund CSR liabilities.

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 Ohio will remain competitive amongst the options that will be available to consumers in 2018.