

CareSource Consumer Justification Narrative

CareSource West Virginia Co. (CareSource) began offering health exchange coverage in 2016 to West Virginia residents in 10 counties. By 2018, CareSource will offer health exchange coverage in a total of 32 counties. When setting our premium rates in 2017, we based our premiums on information we had from other health insurance products our company offers adjusted for differences in West Virginia and the individuals purchasing coverage on the marketplace at the time.

CareSource's 2018 premiums are based on our 2016 West Virginia claims experience supplemented with experience from other products. In total we are requesting a 19.0% increase in premium rates from 2017. Uncertainty around cost-sharing reduction (CSR) funding is a major contributor to the 2018 rate increase. CareSource will require a 12% increase in premiums in order to adequately fund CSR liabilities. 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 also contribute to the premium increase requested from 2017 to 2018.

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 West Virginia will be competitive amongst the options that will be available to consumers in 2018.