

CareSource Consumer Justification Narrative

CareSource Kentucky Co. (CareSource) began offering health exchange coverage in 2015 to Kentucky residents in 16 counties. In 2016 and 2017 CareSource expanded the number of counties we offer our plans in to a total of 46 and 61, respectively. For 2019, CareSource will continue to offer health exchange coverage in these 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 is a contributor to the 19.4% premium increase requested from 2018 to 2019. 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. Additionally, the removal of the individual mandate will increase the overall health risk of the Kentucky 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 Kentucky will be competitive amongst the options that will be available to consumers in 2019.