

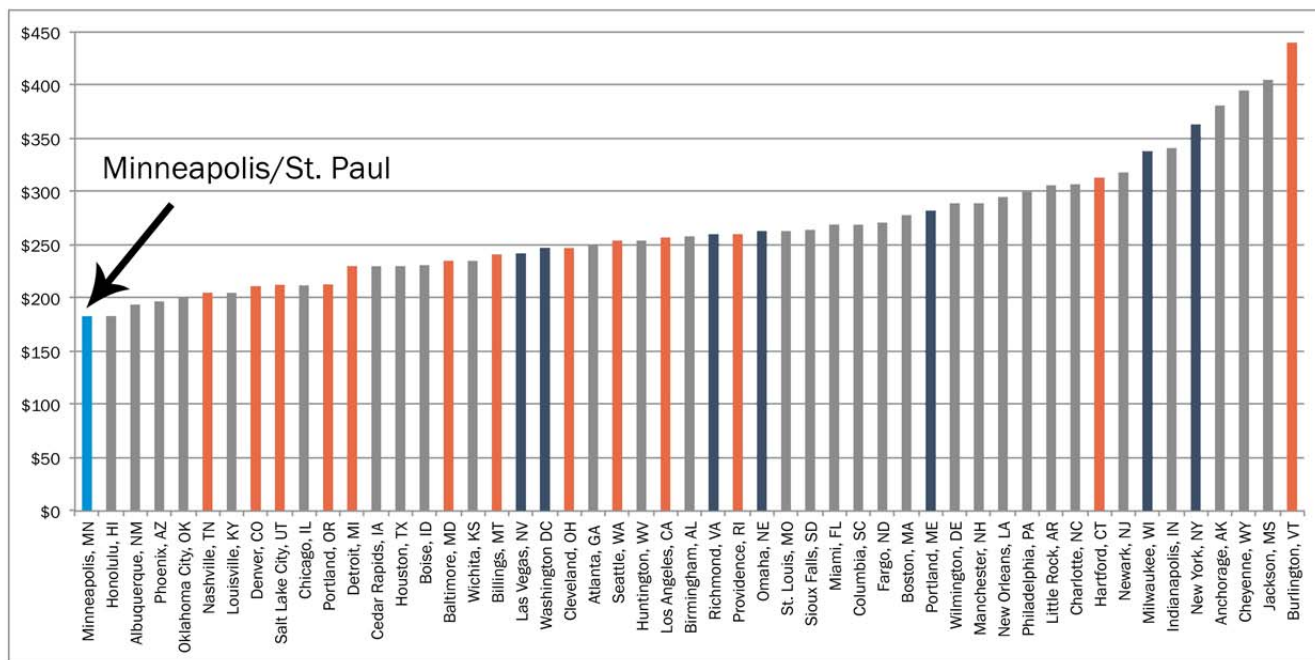


# 2015 RATE SUMMARY

On behalf of Minnesota consumers, the Commerce Department thoroughly reviews proposed rates and plans from insurance companies to ensure that the rates are sensible and the policies comply with Minnesota and federal law. The Minnesota Department of Commerce completed its health insurance rate review for new policies available for Open Enrollment on MNsure – November 15, 2014 through February 15, 2015.

While many states will release final rates in the next few weeks, comparisons to metropolitan areas already approved and their 2014 rates indicate that Minnesota's rates will remain the lowest in the country and the Midwest.

## Minnesota Rates Stay Lowest in the Nation



### Benchmark Plan



Sources: "An Early Look at Premiums and Insurer Participation in Health Insurance Marketplaces, 2014," October 22, 2013, and "Analysis of 2015 Premium Changes in the Affordable Care Act's Health Insurance Marketplaces" September 2014 Issue Brief, both Kaiser Family Foundation, with exceptions of 1) Billings found on Montana's DOI website, 2) Omaha inferred from rate announcement and research of 2014 rates, 3) Utah DOI website, and 4) Minnesota Department of Commerce.

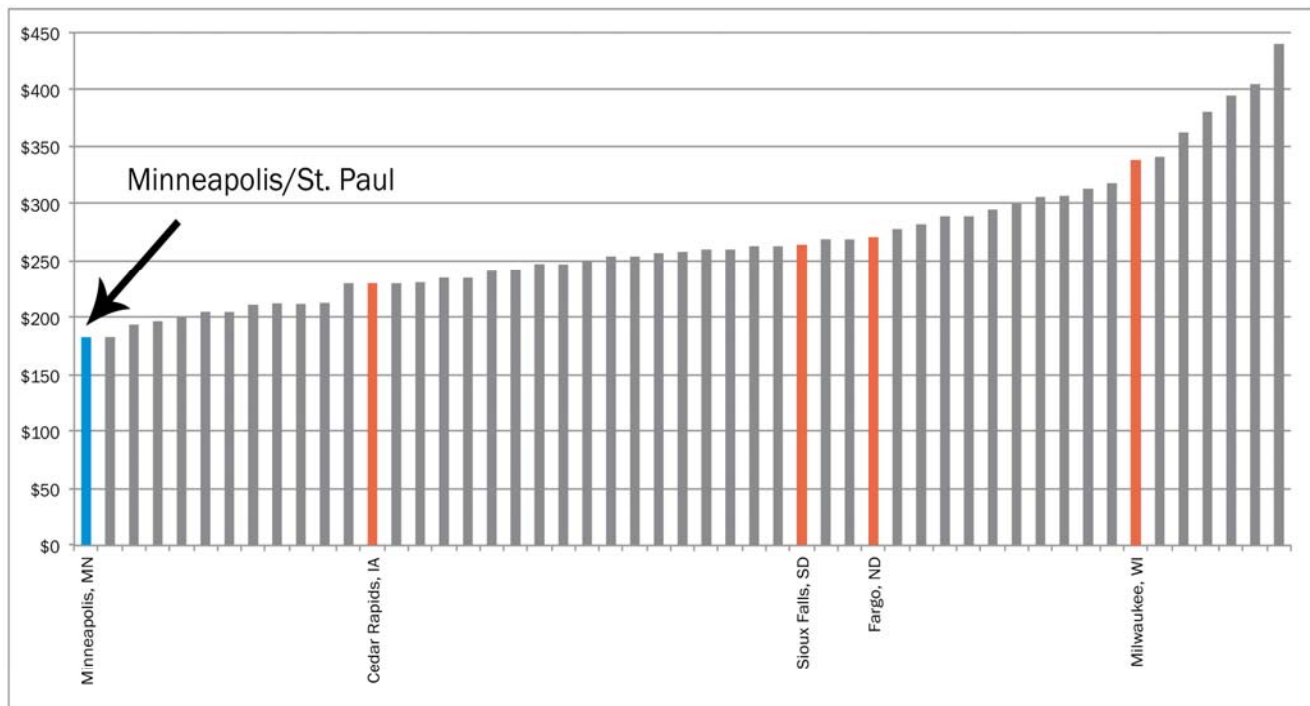
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In accordance with the Americans with Disabilities Act, this information is available in alternative forms of communication upon request by calling 651-539-1500.

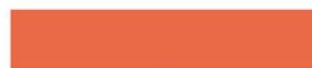
# Minnesota Rates Will Stay Lowest in the Midwest



**Benchmark Plan (Regional Comparison)**



Minneapolis/St. Paul



IA, ND, SD, WI

Sources: "An Early Look at Premiums and Insurer Participation in Health Insurance Marketplaces, 2014," October 22, 2013, and "Analysis of 2015 Premium Changes in the Affordable Care Act's Health Insurance Marketplaces" September 2014 Issue Brief, both Kaiser Family Foundation, with exceptions of 1) Billings found on Montana's DOI website, 2) Omaha inferred from rate announcement and research of 2014 rates, 3) Utah DOI website, and 4) Minnesota Department of Commerce.

One of the reasons why rates are low for Minnesotans can be credited to the strong rate review process that has been in place since 1993, both in the individual and the small group health insurance marketplaces. Over 20 years of requiring a minimum loss ratio has helped keep premium rates down and kept Minnesota a national leader in health reform. Further, insurers' and health care providers' improvements in quality and efficiency continue to play a large role in delivering lower health care costs.

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## **4.5% Average Rate Increase for 2015 – Individual Market**

The average rate increase for the four companies returning to MNsure this year is 4.5%, ranging from a decrease of -9.07 percent to increases of 1.8%, 8.12%, and 17.15%. Blue Plus filed rates this year as a newcomer to the MNsure marketplace. This year MNsure will again have five companies competing for Minnesota consumers, with the addition of Blue Plus and the departure of PreferredOne.

## **Minnesota's Rate Review – Competitive Rates & Positive Results for Consumers**

Minnesota has been a leader in rate review reform and has been designated by the federal government as a state with an “effective rate review program.” This means that all proposed rate increases are scrutinized by expert actuaries to make sure that the rates requested are justified. Public health and regulatory experts also review the filings to assure that networks are accessible, plans provide comprehensive coverage, and that carriers offer benefit designs that meet federal guidance.

Minnesota is one of 31 states that can deny requested rates based upon whether the rates are justified. The actuarial analysis provided by the Commerce Department in the rate review process helps to ensure accuracy, appropriateness, and competition, resulting in lower costs for individuals, families, and businesses that buy insurance. The Department's actuaries conduct statistical analyses and closely scrutinize the assumptions that health insurance companies use to develop rates.

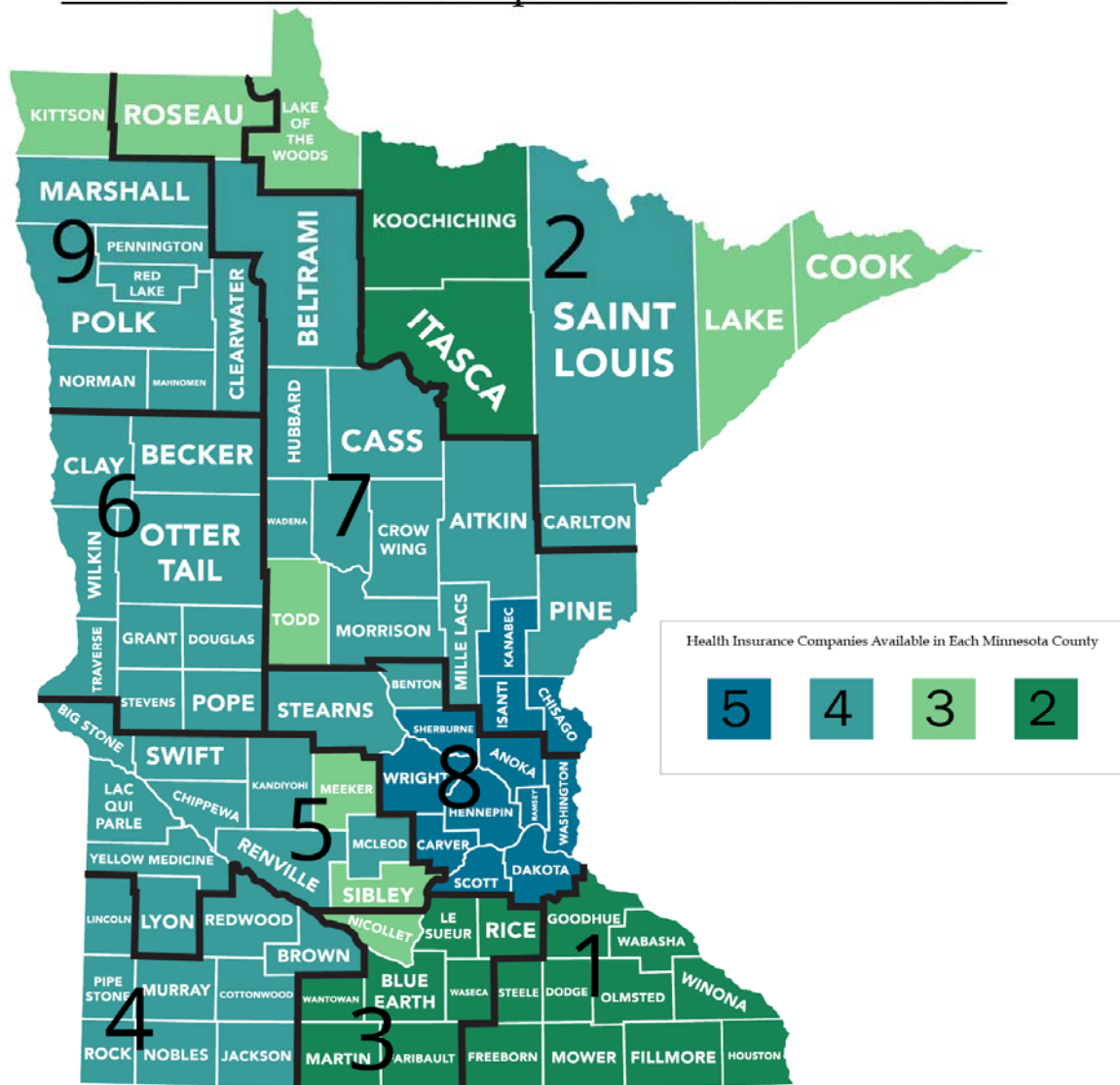
Commerce Department staff also reviewed all policy forms to ensure they include the consumer protections in state law. The new plans available during Open Enrollment include many consumer protections – like making all policies available to every Minnesotan, even those with pre-existing health problems and expanded benefit sets that provide free preventative care. In 2015, all Minnesotans will have the consumer protection and peace of mind to know that their rates will not go up based on whether they were sick the previous year – the first state in the nation to accomplish this goal.



## Access – Mnsure Covers Minnesota

Border-to-border coverage is available on MNsure. Across the state, Minnesotans can choose from up to five insurance companies offering plans in bronze, silver, gold, and platinum levels. 78% of Minnesota counties have three or more health insurance companies offering plans in their communities, and 67% of Minnesota counties have four or more health carriers offering plans. Consumers in the Twin Cities Metro Area can choose from five health insurance companies for their health coverage.

### Health Insurance Companies Across Minnesota



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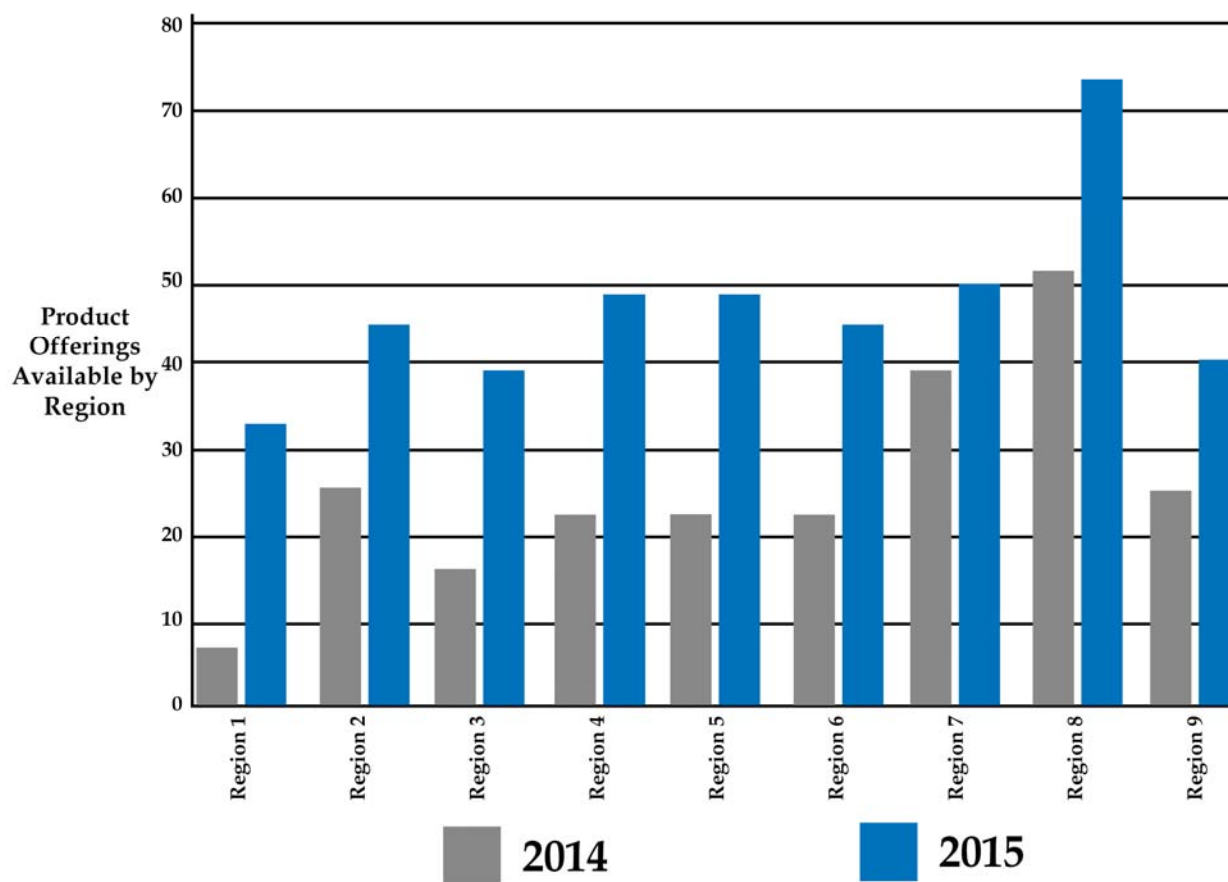
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## Increased Product Offering Across All Geographic Areas

Commerce approved rates for 150 plans for MNsure – 84 plans for individuals and 66 for small employers. More product choices are offered across the state – growing in each region.

**Product Choices by Region: 2014 v. 2015**



## Approved Rates – The Starting Point for More Savings

Among the rates approved by the Commerce Department the following diagram shows the lowest monthly base rates for plans in the Minneapolis/St. Paul Metro Area that will be available through MNsure this Open Enrollment, November 15, 2014 to February 15, 2015. Minnesotans can purchase plans through MNsure to receive financial help and tax credits, which can lower your cost.

### Lowest Monthly Premium Rates\* (Saint Paul/Minneapolis Metro Area)

25 Year-Old		40 Year-Old		60 Year-Old	
Bronze	\$ 109.93	Bronze	\$139.93	Bronze	\$297.16
Silver	\$142.50	Silver	\$181.39	Silver	\$385.20
Gold	\$169.27	Gold	\$215.47	Gold	\$457.58
Platinum	\$206.23	Platinum	\$262.51	Platinum	\$557.47

**\*Listed rates are the base rates and do not include financial assistance that is available through MNsure.**

Financial help and tax credits are available on MNsure to help cover the cost of health care insurance premiums for qualifying individuals. Some Minnesotans may qualify for low-cost or free plans. Visit [www.mnsure.org](http://www.mnsure.org) or contact your agent or broker for more information.

## Metal Levels – A Consumer-Friendly Way to Compare Plans

Minnesota consumers will have the option to choose from four categories of health insurance plans, also known as metal levels – bronze, silver, gold, and platinum. The difference in the metal levels is the cost share paid by the insurance company versus the consumer. Individuals who choose a higher metal level will pay a higher monthly premium, but will pay less in their copay and deductible.

**Bronze level** – the plan must cover 60% of expected costs for the average individual.

**Silver level** – the plan must cover 70% of expected cost for the average individual.

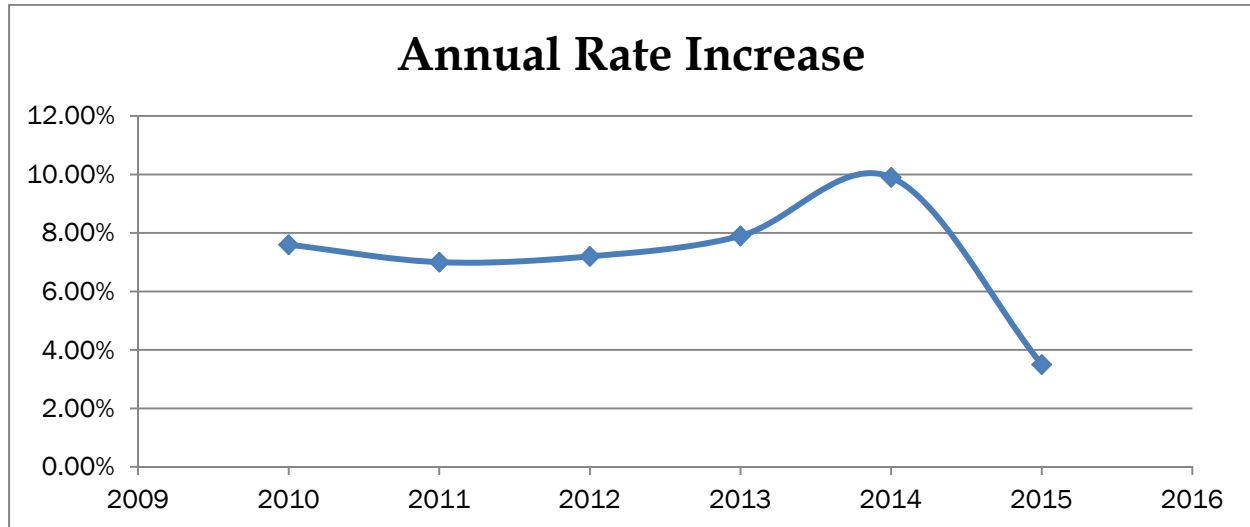
**Gold level** – the plan must cover 80% of expected costs for the average individual.

**Platinum level** – the plan must cover 90% of expected costs for the average individual.

## Small Group

Three companies are approved to sell small group health policies on MNsure – Blue Cross and Blue Shield, Blue Plus, and Medica.

### Small Group Trend Drops By More than 50%



## Small Group Rates

On average, the small group rates are only 3-4% higher than 2014. This year's rate increase in the small group plans on MNsure is less than half of the trend experienced by small group plans previously. In the years 2010-2013, the average rate increase trend hovered just under 8%. On average, small group rates in 2014 were about 2% higher than that yearly trend.

Small group companies have paid out on average between 81% and 86% of their premium income in payment for medical expenses for policyholders. Commerce believes the small group health market will remain stable with good competition. Small businesses in Minnesota are experiencing price consistency in the new plans available in 2014 due to community rating, rather than health status, allowing for year-to-year business planning and financial stability.

Individual Market	Small Group Market
<ol style="list-style-type: none"><li>1. Blue Cross and Blue Shield of Minnesota</li><li>2. Blue Plus</li><li>3. Group Health, Inc. (Health Partners)</li><li>4. Medica</li><li>5. UCare</li></ol>	<ol style="list-style-type: none"><li>1. Blue Cross and Blue Shield of Minnesota</li><li>2. Blue Plus</li><li>3. Medica</li></ol>

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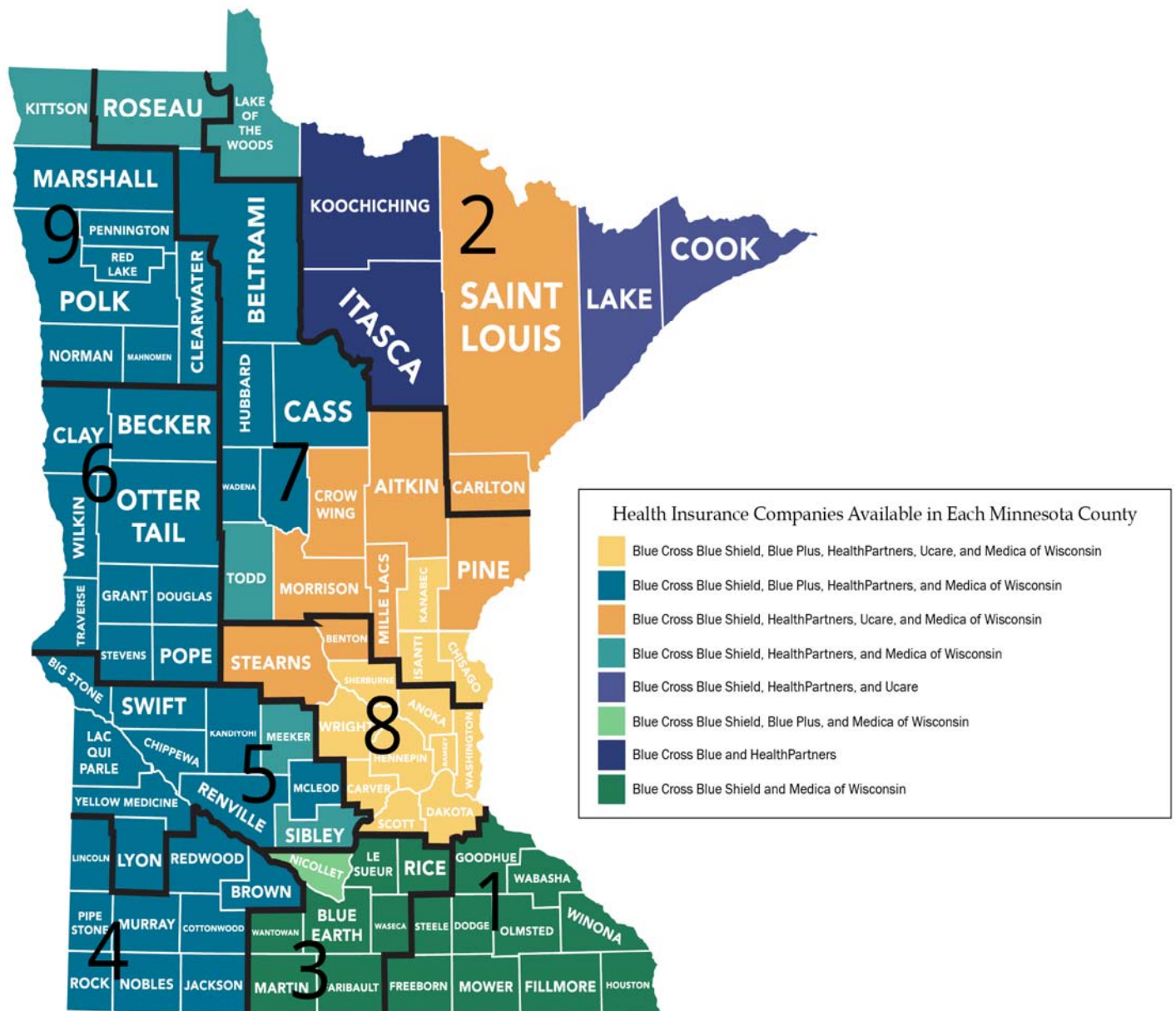
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## The Choice is Yours – Multiple Plan Options by County and Rating Area

This map shows which health insurance companies are available in your rating area and county.

### Health Insurance Companies Across Minnesota



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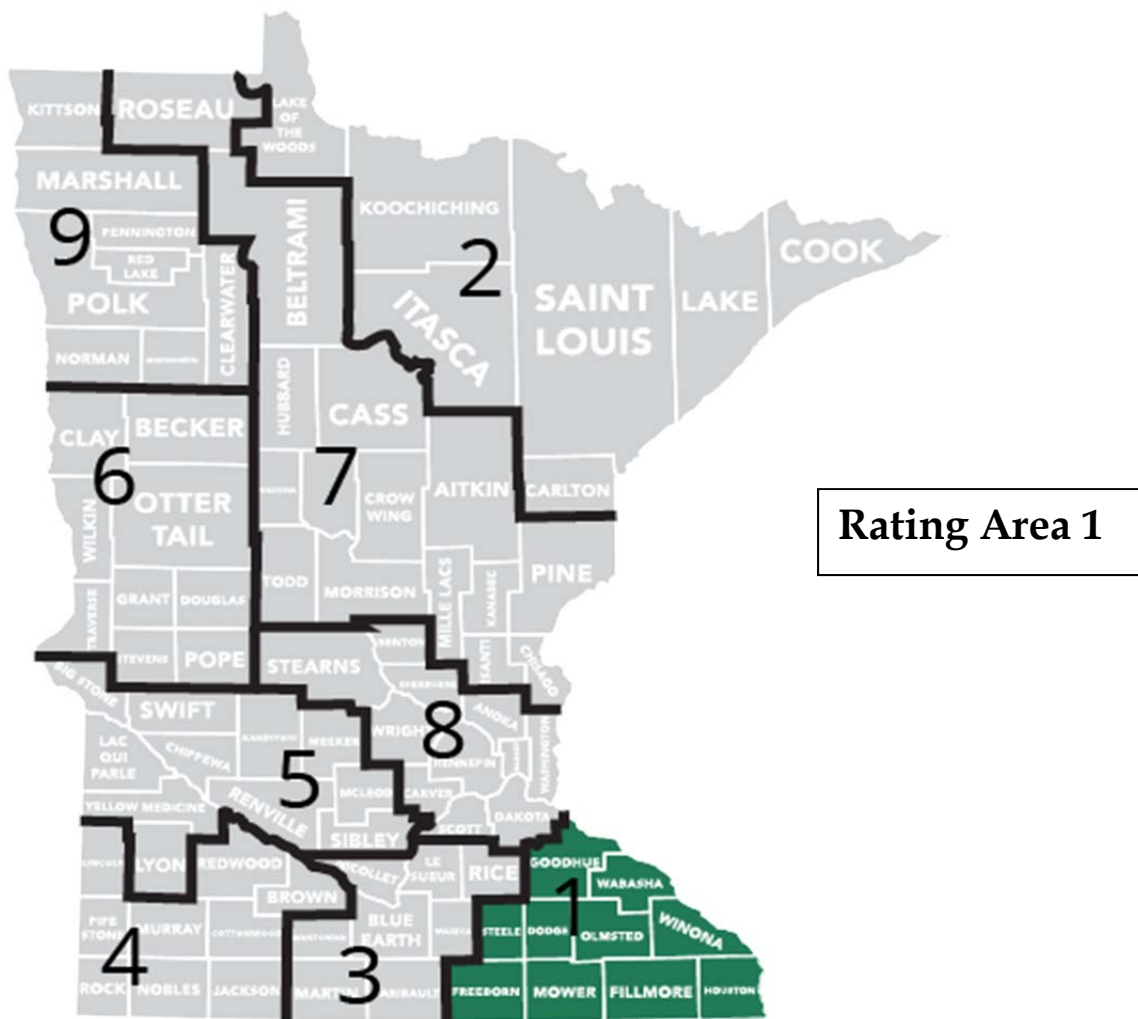
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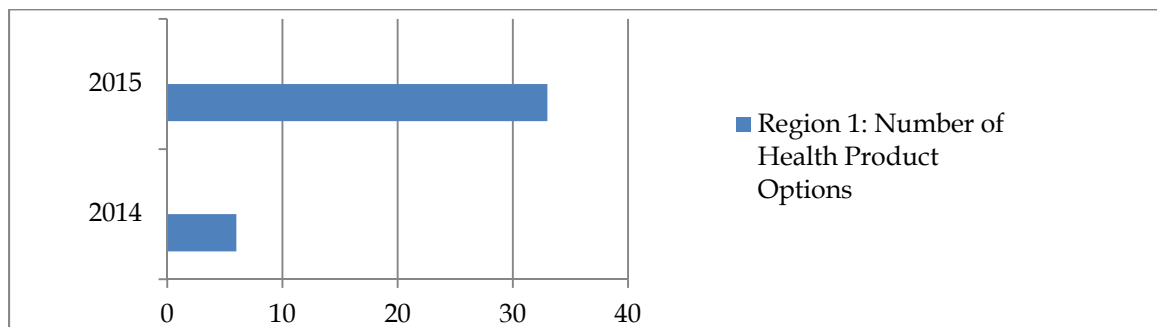
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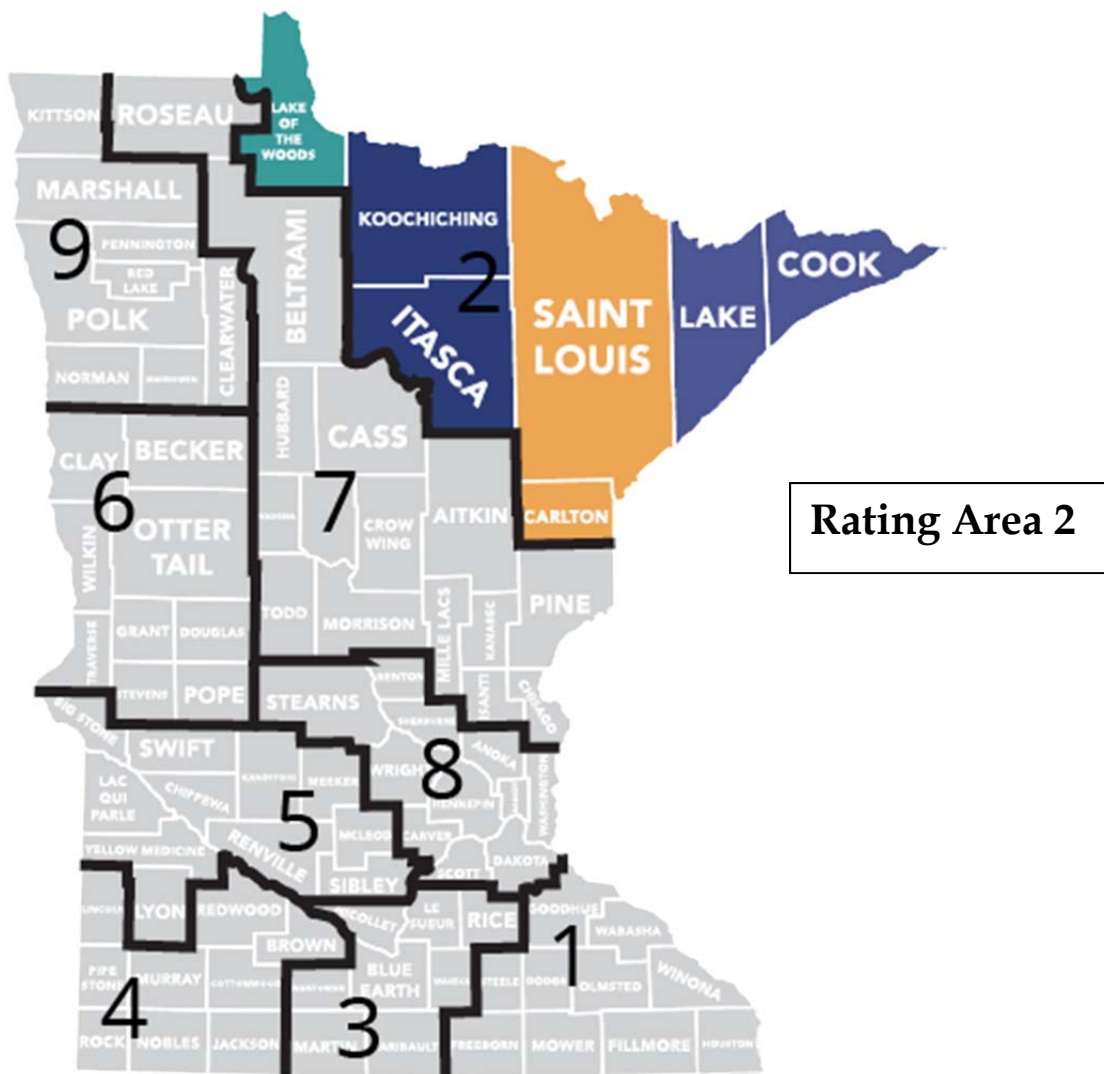
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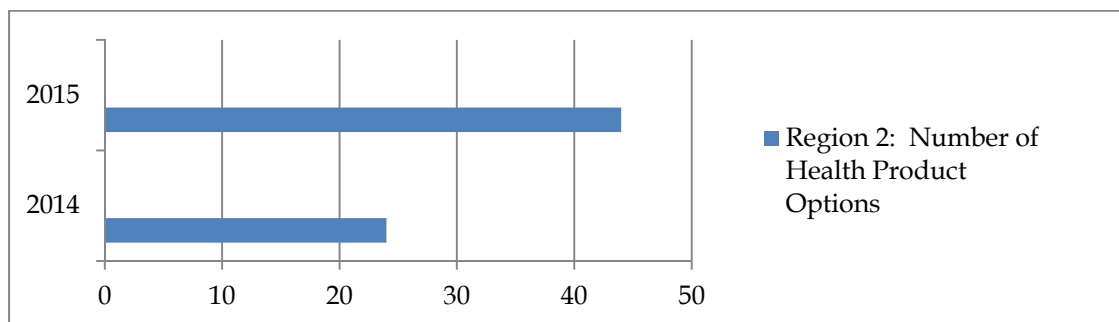


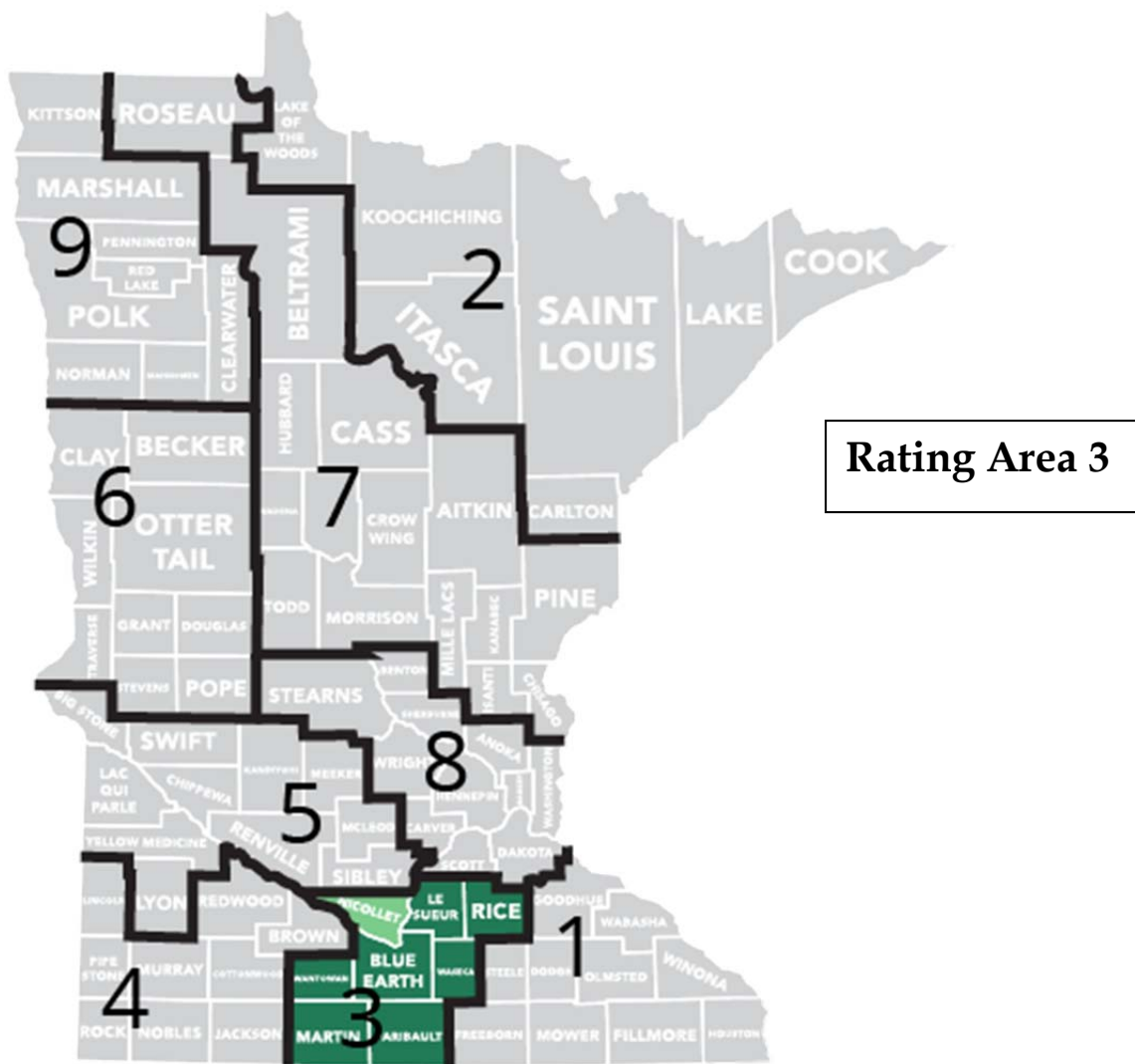
Plans Available in 2015: Blue Cross & Blue Shield and Medica  
 Some carriers provided new options up to -13.3% less than their plans in 2014  
 Five times more product offerings for consumers, including platinum plans



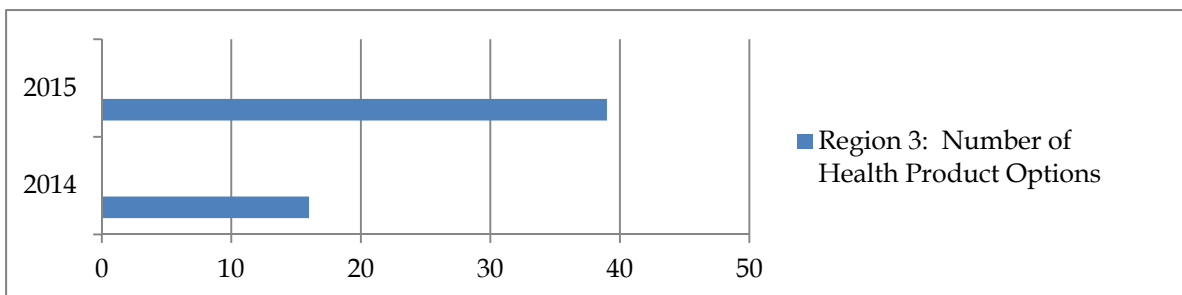


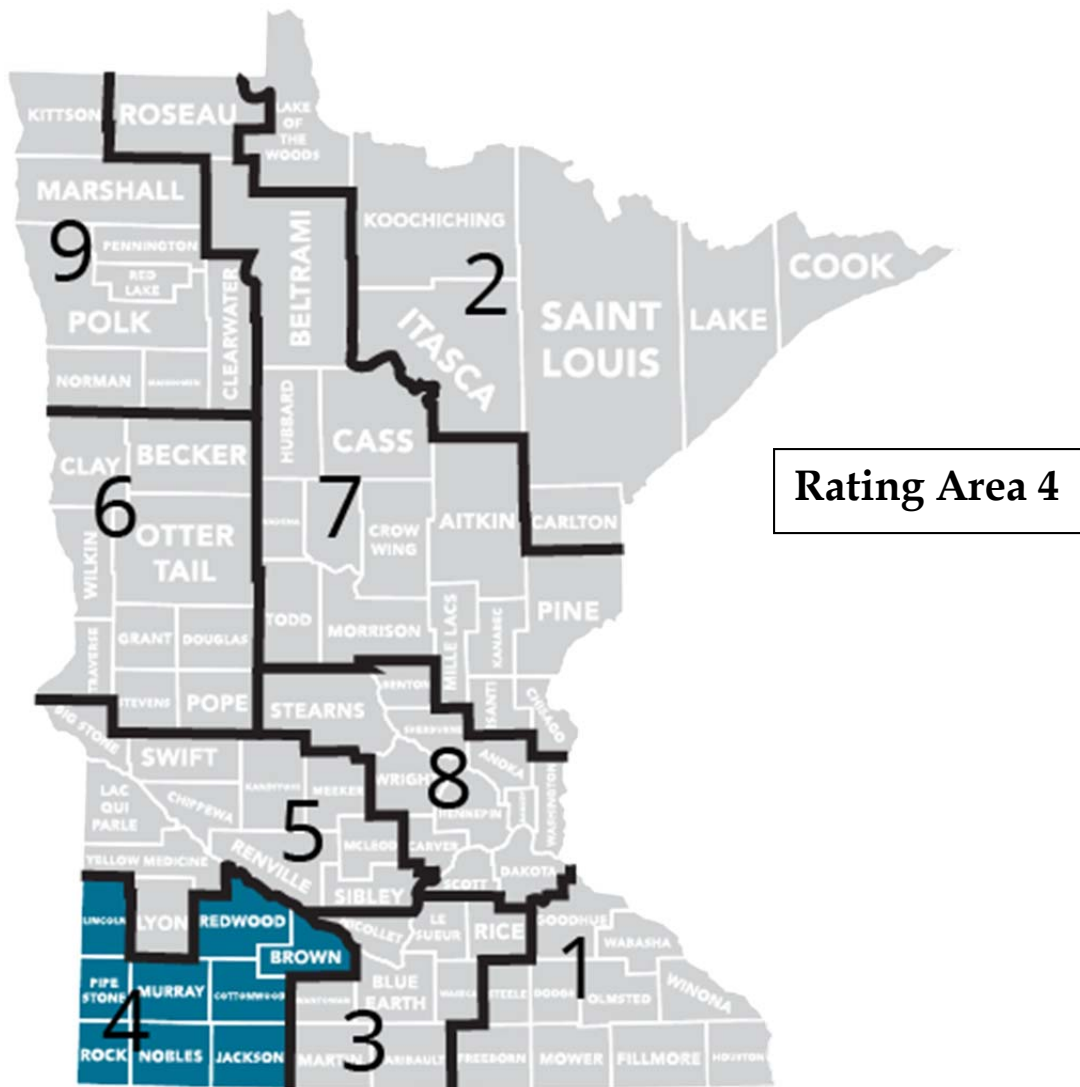
Plans Available in 2015: Blue Cross & Blue Shield, Health Partners, Medica, and UCare  
 Some carriers provided new options up to -19.33% less than their plans in 2014  
 20 more products offerings available



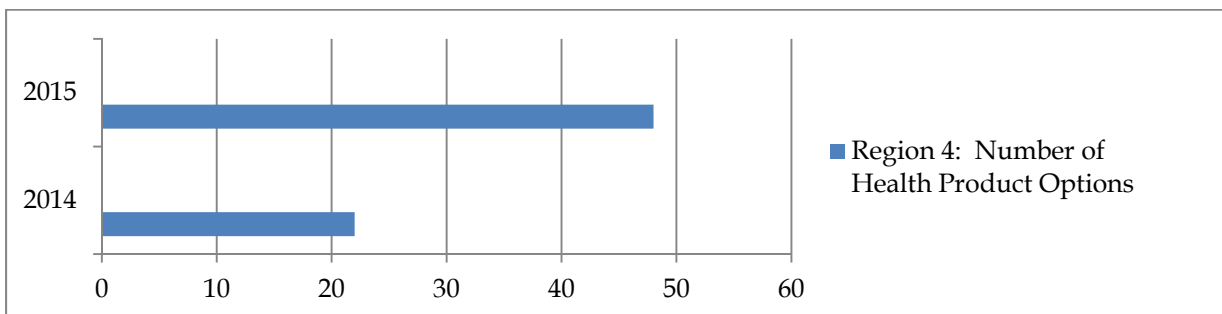


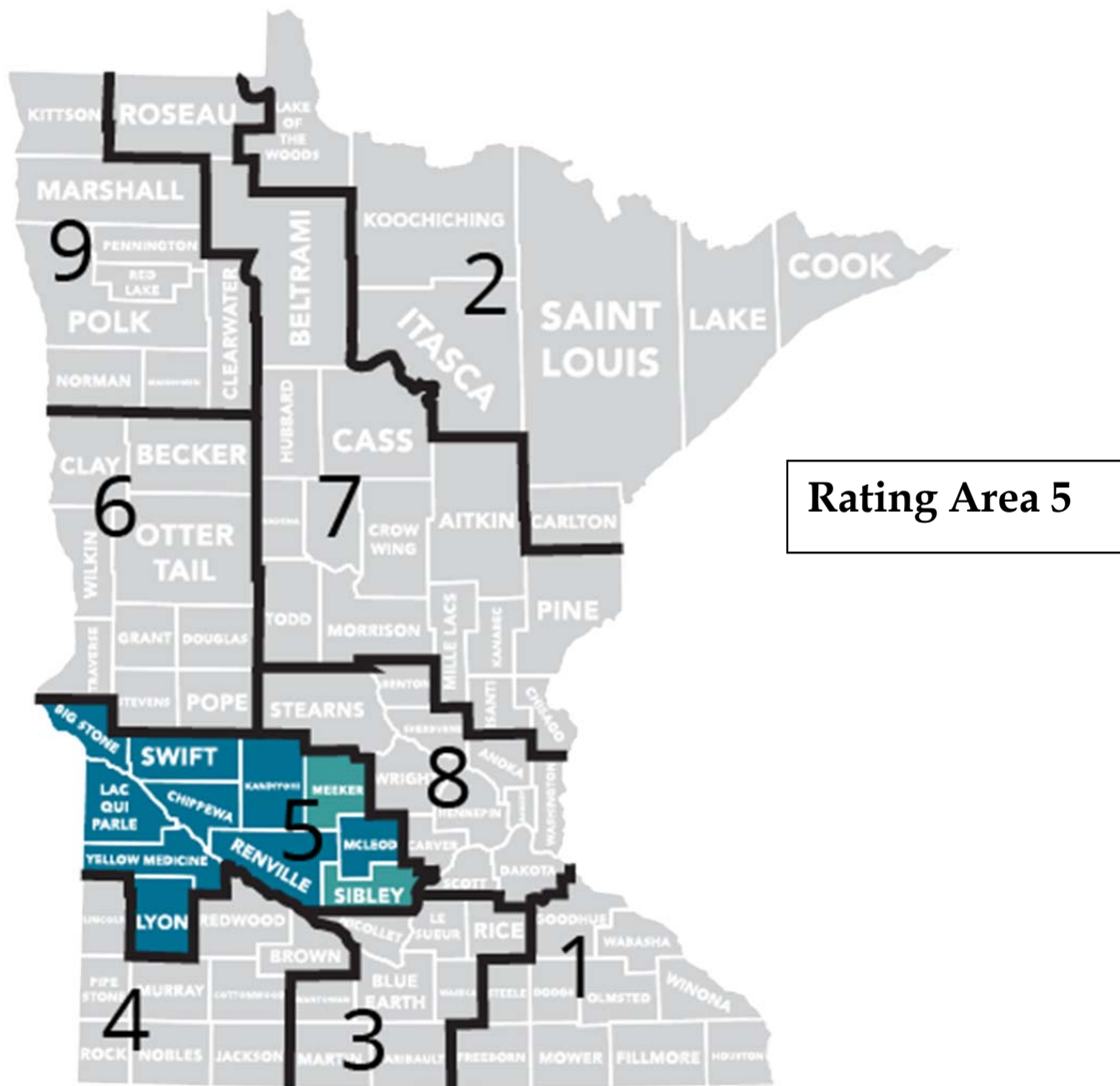
Plans Available in 2015: Blue Cross & Blue Shield, Blue Plus and Medica - New Company, Blue Plus  
 Some carriers provided new options up to -2.7% less than their plans in 2014  
 23 more product offerings available



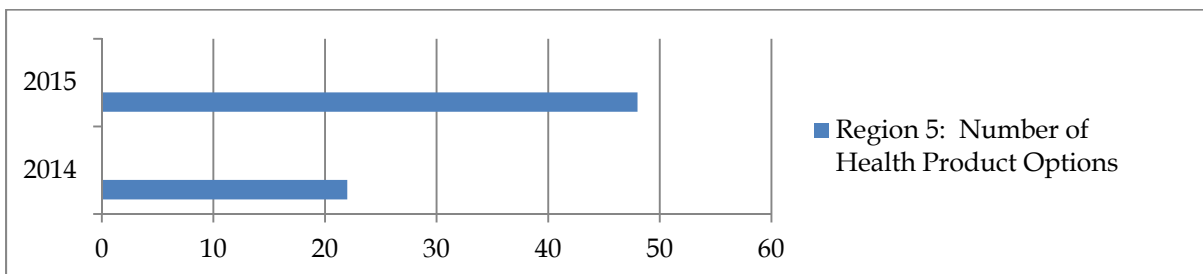


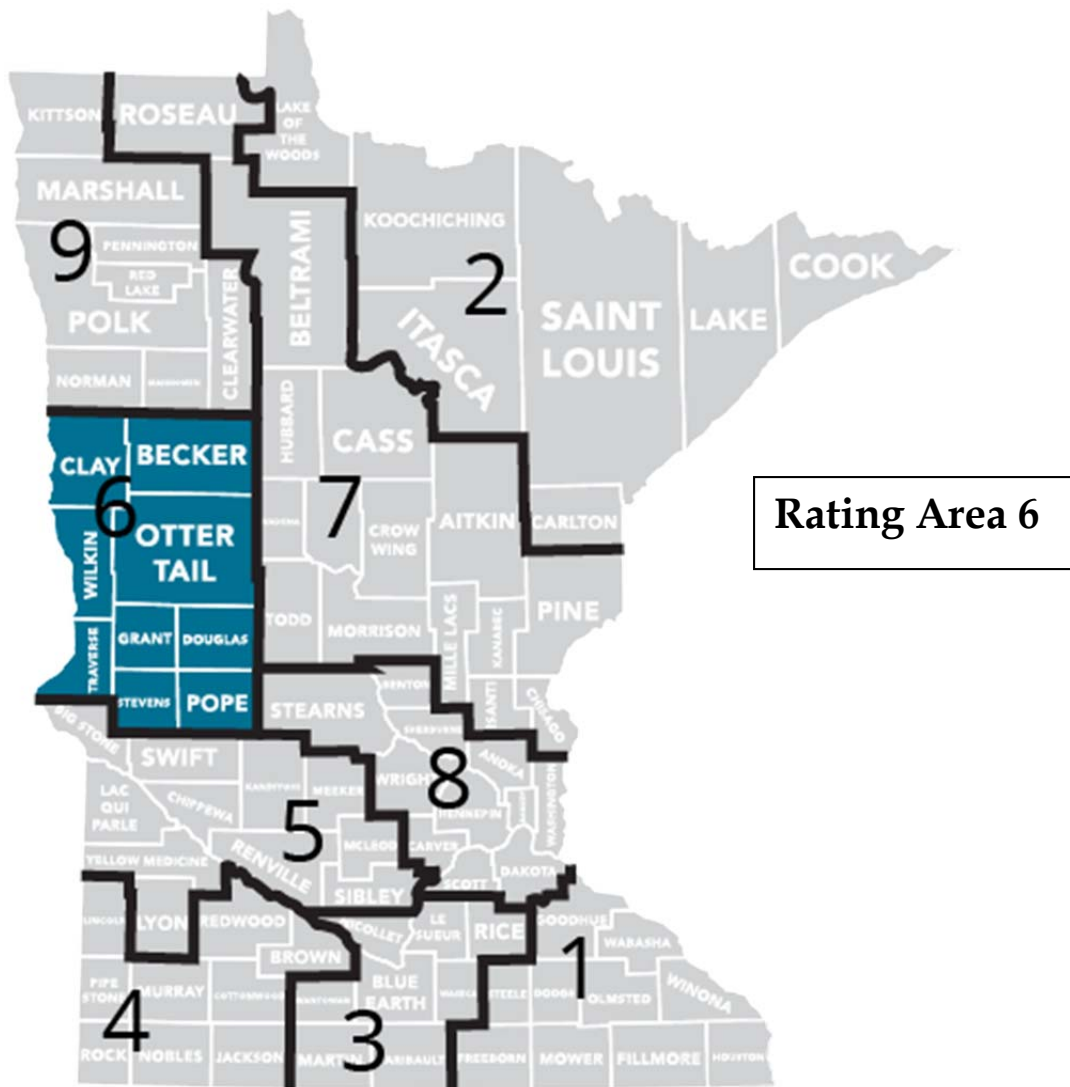
Plans Available in 2015: Blue Cross & Blue Shield, Blue Plus, Health Partners and Medica  
 New Company, Blue Plus  
 26 more product offerings available in 2015



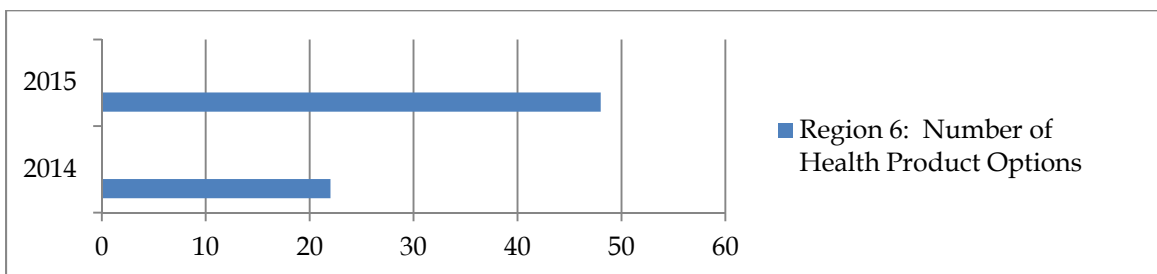


Blue Cross & Blue Shield, Blue Plus, Health Partners, and Medica  
 New Company – Blue Plus  
 26 more products offerings in 2015

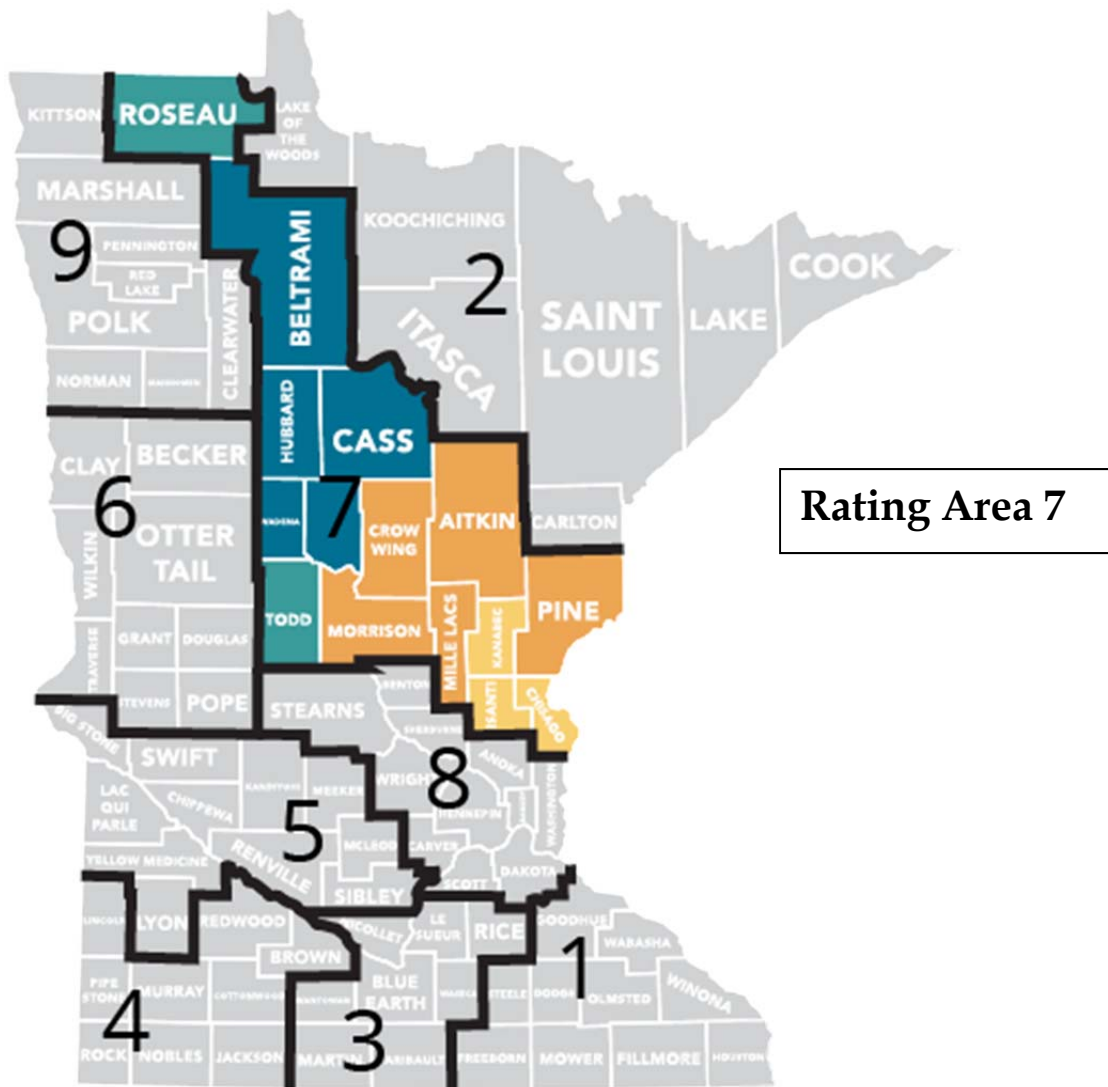




Blue Cross & Blue Shield, Blue Plus, Health Partners, and Medica  
 New Company – Blue Plus  
 22 more product offerings available in 2015





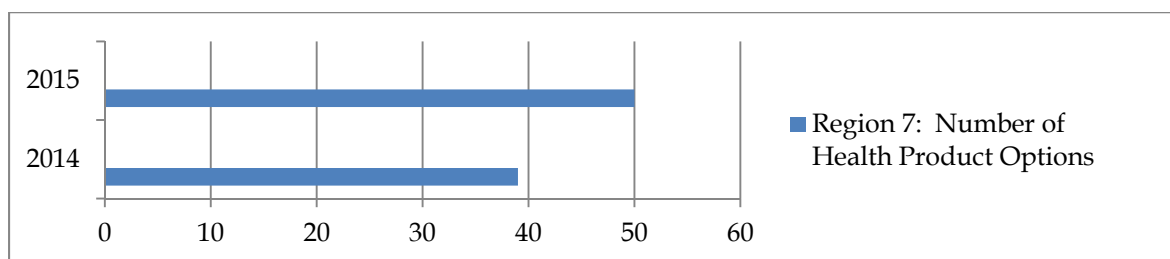


Blue Cross & Blue Shield, Blue Plus, Health Partners, Medica, and Ucare

New Company – Blue Plus

Some carriers provided new options up to -28.21% less than their plans in 2014

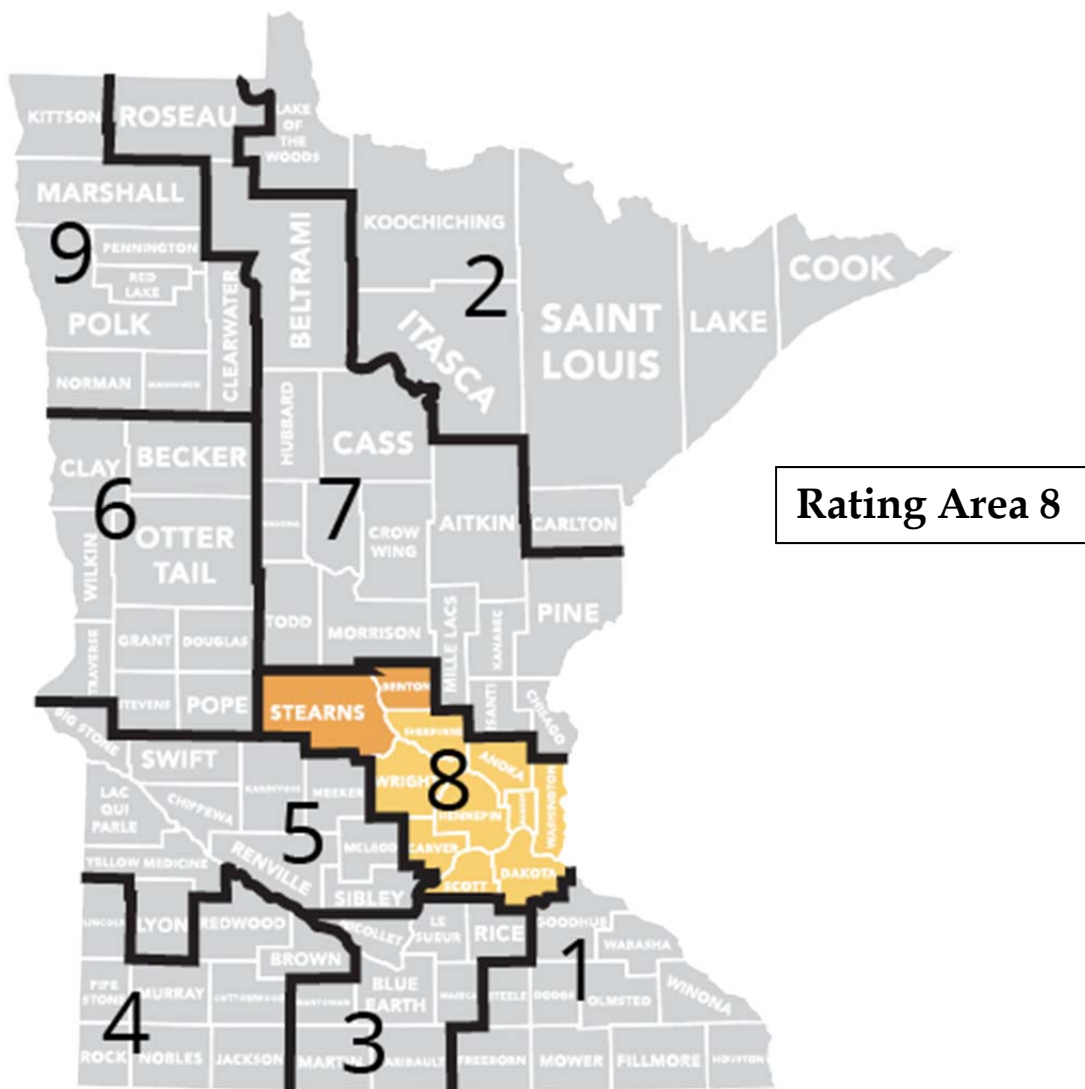
11 new product offerings available



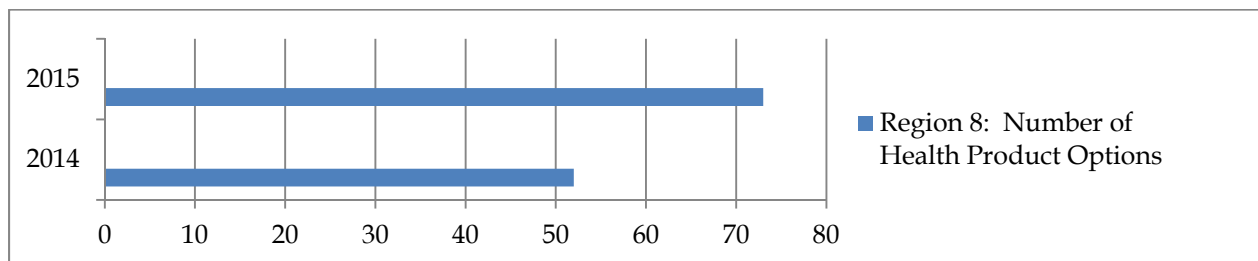
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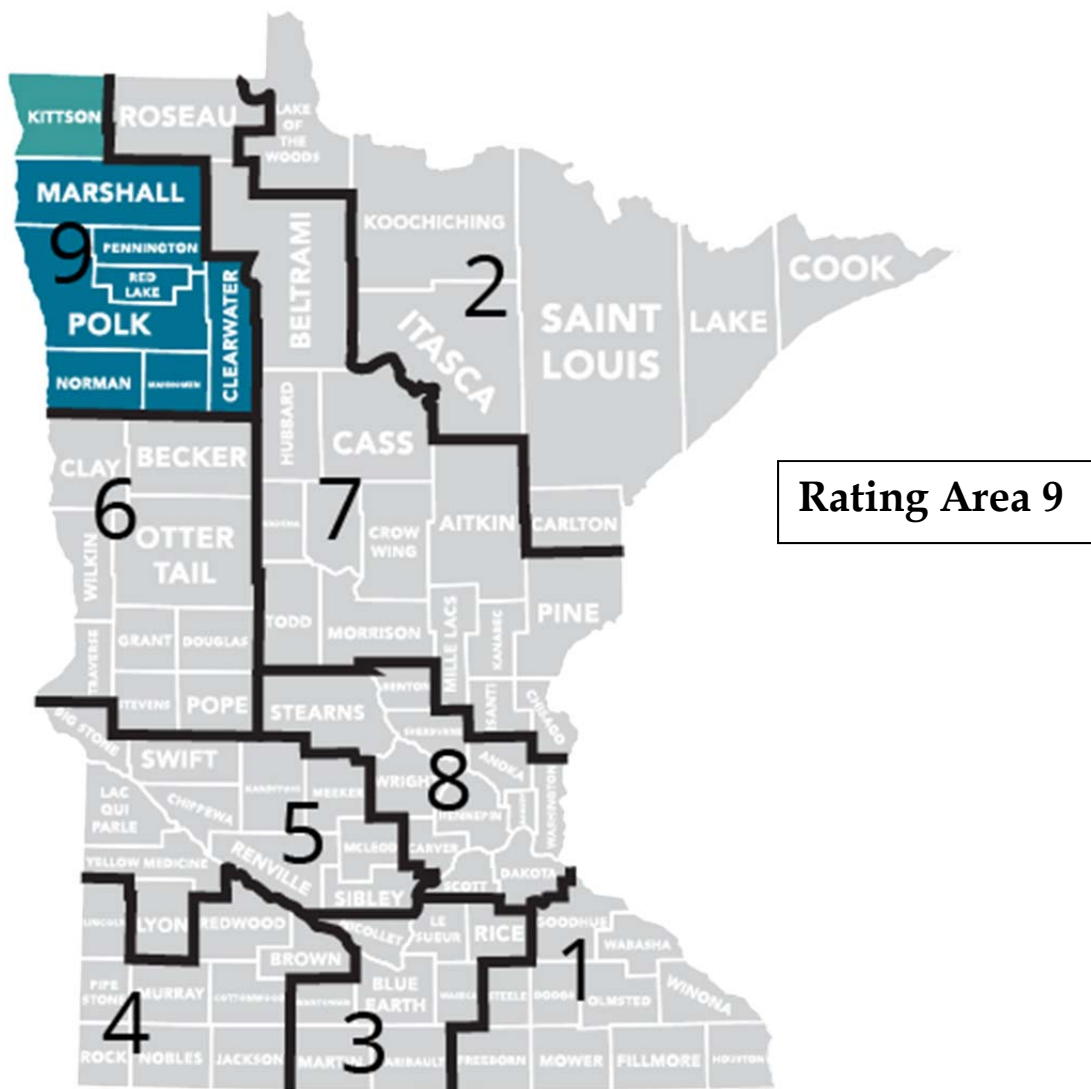


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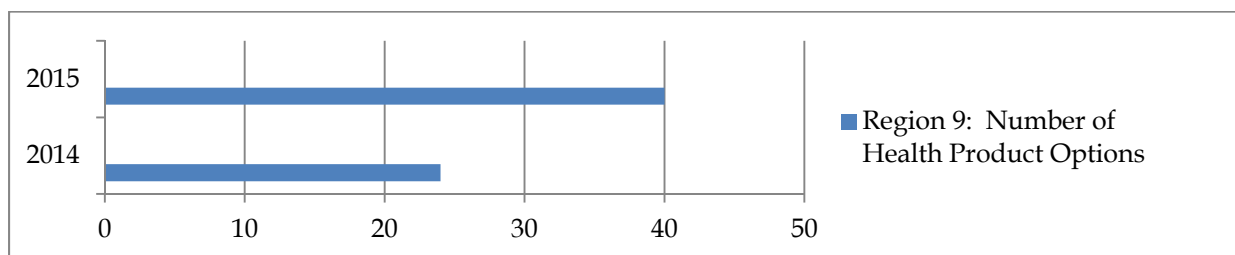


Blue Cross & Blue Shield, Blue Plus, Health Partners, Medica, and UCare  
 New Company – Blue Plus  
 Some carriers provided new options up to -18.43% less than their plans in 2014  
 21 new product offerings available





Blue Cross & Blue Shield, Blue Plus, Health Partners, Medica  
 New Company – Blue Plus  
 16 new product offerings available



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## Greater Benefits, Added Value

Starting last year, Minnesotans health plans contained additional value. Consumers do not have to worry about losing coverage due to their health or pre-existing conditions. Consumers cannot be charged based on their health status. Consumer benefits are covered under the new plans to keep Minnesotans healthy.

### What new benefits are included in plans on MNsure?

The health insurance plans offered through MNsure and in the standard insurance market are guaranteed to provide basic levels of coverage and provide consumer protections including the 10 categories of essential health benefits:

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services

Plans on MNsure offer many choices – Minnesotans can compare metal levels, networks, benefits, monthly premium cost, and deductibles – all priced competitively to allow consumers to choose the health coverage that fits their financial and health needs.



## Health Insurance Rate Review Frequently Asked Questions

### *What are the Nine Rating Areas?*

#### **Area 1**

Dodge  
Fillmore  
Freeborn  
Goodhue  
Houston  
Mower  
Olmsted  
Steele  
Wabasha  
Winona

#### **Area 2**

Carlton  
Cook  
Itasca  
Koochiching  
Lake  
Lake of the Woods  
St. Louis

#### **Area 3**

Blue Earth  
Faribault  
Waseca  
Le Sueur  
Martin  
Nicollet  
Rice  
Watsonwan

#### **Area 4**

Brown  
Cottonwood  
Jackson

Lincoln  
Murray  
Nobles  
Pipestone  
Redwood  
Rock

#### **Area 5**

Big Stone  
Chippewa  
Kandiyohi  
Lac Qui Parle  
Lyon  
McLeod  
Meeker  
Renville  
Sibley  
Swift  
Yellow Medicine

#### **Area 6**

Becker  
Clay  
Douglas  
Grant  
Otter Tail  
Pope  
Stevens  
Traverse  
Wilkin

#### **Area 7**

Aitkin  
Beltrami  
Cass

Chisago  
Crow Wing  
Hubbard  
Isanti  
Kanabec  
Mille Lacs  
Morrison  
Pine  
Roseau  
Todd  
Wadena

#### **Area 8**

Anoka  
Benton  
Carver  
Dakota  
Hennepin  
Ramsey  
Scott  
Sherburne  
Stearns  
Washington  
Wright

#### **Area 9**

Clearwater  
Kittson  
Mahnommen  
Marshall  
Norman  
Pennington  
Polk  
Red Lake



### *What is an "effective" rate review program?*

- Minnesota has been designated by the federal government as a state with an effective rate review program. This means that all proposed rate increases are scrutinized by expert actuaries in the public interest to make sure the rates requested are justified.
- This analysis helps to moderate premium hikes, which results in lower costs for individuals, families, and businesses that buy insurance.

### *How does an "effective" rate review system operate?*

- An effective rate review system operating to review rates for 2014 and later must do the following:
  - Receive sufficient data and documentation concerning rate increases to conduct an examination of reasonableness of the proposed increases.
  - Consider the factors below as they apply to the rates:
    - Medical cost trend changes by major service categories
    - Changes in utilization of services (i.e., hospital care, pharmaceuticals, doctors' office visits) by major service categories
    - Cost-sharing changes by major service categories
    - Changes in benefits
    - Changes in enrollee risk profile
    - Impact of over- or under-estimate of medical trend in previous years on the current rate
    - Reserve needs
    - Administrative costs related to programs that improve health care quality
    - Other administrative costs related to programs that improve health care quality
    - Other administrative costs
    - Applicable taxes and licensing or regulatory fees
    - Medical loss ratio
    - The impacts of geographic factors and variations
    - The impact of changes within a single risk pool to all products or plans within the risk pool; and
    - The impact of reinsurance and risk adjustment payments and charges under sections 1341 and 1343 of the Affordable Care Act.
  - Make a determination of reasonableness of the rate increase under a standard set forth in state statute or regulation.
  - Post any rate filings that increase rates 10% or more on their websites or post a link to the preliminary justifications that appear on the CMS website:  
<http://mn.gov/commerce/insurance/topics/medical/Access-Filing/access-filings-overview.jsp>
  - Provide a mechanism for receiving public comments on proposed rate increases.
  - Report results of rate review to CMS for rate increases subject to review.



### *What was the timeline for reviewing 2015 proposed rates?*

- June 27, 2014
  - Minnesota insurance carriers' rate filings were submitted for review by the Minnesota Department of Commerce, Insurance Division.
- Sixty Days After Filing
  - The rate reviewer has 60 days to review and issue a decision on all health insurance rates filed with the Department. If the rates meet the requirements of Minnesota Law, they are approved. If the rate filing is unjustified, an objection letter is sent to the insurance carrier requesting clarification and/or additional information. As stated under Minnesota Statutes section 60A.08, subd. 15, health insurance rate filings are available for the public to view after they are approved and become effective.
- November 15, 2014
  - Rate filings are effective for most health insurance plans with benefits that begin in 2014. Rate filings are posted for the public to view on the Commerce Department website once they are effective.

### *Who reviews the rates?*

- Health insurance rates are reviewed by the experts in the actuarial unit at the Minnesota Department of Commerce. The Commerce Department also reviews the rates submitted by Health Maintenance Organizations (HMOs) under an interagency agreement with the Department of Health.

### *Must health insurance companies submit rate filings each year?*

- Health insurance companies need to submit rate filings for new plans and if they are requesting change in rates for an existing plan.

### *What plans are reviewed?*

- All health insurance rates must be approved by the Minnesota Department of Commerce or the Minnesota Department of Health prior to becoming effective, as required in Minnesota Statute section 62A.02.

### *Are any health plan rates not subject to review?*

- Rates that stay the same from year-to-year are not generally subject to review if the health insurance plan has not changed. Any rates that have increased or are new must be approved by the Department of Commerce or Department of Health.

### *How does rate review affect my premium?*

- The terms "rate" and "premium" are often used interchangeably when discussing insurance. However, those terms represent two different things.
  - Rate: A rate is the average an insurance company charges for a defined package of health

insurance plans. For example, the rate for your insurance might be \$300 per person per month.

- Premium: The amount that you and/or your employer pay for health insurance. For example, if a plan covers five people at a rate of \$300 per person per month, the premium is \$1500 per month.

### *How often can premiums go up?*

- In 2014 and later, rates for individual health plans will change once a year, on January 1. Rates for small employer group coverage will change once a year, on the group's policy anniversary.

### *What factors affect rates?*

- Individual and small group health insurance rates are determined for a particular plan of benefits from a particular network of doctors and hospitals based on the combined medical costs of everyone in that company's market for a particular age, tobacco use, and geographic area. This is called community rating– the rates are based on the costs of the entire community.
- The rising cost of medical care impacts rates. With community rating, your premium may go up even if you haven't received any medical services, if the average cost of services has increased.

### *What factors affect my premiums?*

- In general, how much a health plan company charges depends on the following:
  - Your age and the age of any family members in your plan;
  - Whether or not each person 18 or older uses tobacco;
  - Where you live; and
  - The benefits in your health plan.

### *How do health plan companies develop rates?*

- Health plan companies develop rates using estimates of future claim costs, administrative expenses, and how much reserves they need to hold.
- Claim costs: The amount a company expects to pay for health care services and goods, such as physician services, hospital fees, and prescription drugs, on behalf of all policyholders with similar policies.
- Administrative expenses: The cost of running a health plan. These costs can include:
  - salaries of employees;
  - costs to maintain computer systems to pay claims;
  - costs to manage the provider network (signing up doctors, setting payment rates, etc.);
  - commissions for agents and brokers (called "producers");
  - rent;
  - taxes, fees, and assessments that health plans pay to the State or federal government; and
  - other costs to administer the policy (for example, fraud detection and prevention activities).
- Contribution to reserves: Money that an insurance company has left after paying for claims and administrative expenses. The reserves are needed to pay for claims and administrative expenses in years when the plans do not collect enough premiums to cover those costs.

### *What do you consider when reviewing a rate request?*

- All health plan rate filings must meet these criteria:
  - Lifetime and anticipated loss ratio meets the state's minimum of 71% to 82%;
  - Rates are sufficient to cover expected claims and expenses;
  - Rates provide a reasonable value to the insured; and
  - The filing is complete, correct, and understandable
- In order to demonstrate that the above criteria are met, the filing must include at least the following information:
  - Historical information, such as when issued, any changes in benefits, rates, or profitability;
  - Historical experience including premiums, claims, enrollment, and durational/seasonal patterns since inception of policy forms;
  - Statistical reliability of historical experience;
  - Assumptions used in projecting the future loss ratio– anticipated changes in claim cost per person and enrollment. The reasons for a rate increase, such as benefit changes, population changes, tax and fee changes.

### *How does the Department of Commerce decide whether to approve or object to a requested rate change?*

- Approved- If the filing is clear and justifies the filed rates, the filing is approved and the health plan company is notified that the rates may be used.
- Objection- If the information in the filing is not clear or does not justify the filed rates or rate increase, the Department of Commerce sends an objection letter to the filing company.
- This objection must be sent within 60 days of when the Commerce Department receives the filing. If no objections are sent within 60 days the rates are “deemed” approved, which means the company can go ahead and use them.
  - The filing company then has 30 days to provide a complete filing, or the filing may be closed without approval.
  - If the filing company fails to justify the filing within the 30 days or any longer period approved by Minnesota Department of Commerce, the filing is permanently closed.
  - After the filing is closed, the company can make another rate filing.

### *Do rate changes always get approved?*

- No. A decision is made for each filing as to whether the rate is approved or not approved.

### *What if the health plan company disagrees with the decision?*

- The health plan company can request a hearing, and have a judge decide whether the Department's decision not to approve a filing was reasonable or unreasonable.

### *Will my premiums go up as a result of health reform?*

- Many health plan changes will occur because of health care reform. New plans will be available

- and companies must accept everyone for coverage regardless of their health or any pre-existing
- diagnoses. Because of these changes, insurance is likely to cost more for some people and less for others. To make coverage affordable, many people who buy coverage on their own in the individual market will be eligible for financial help to buy a plan. People younger than 30 years old who cannot afford coverage can buy a catastrophic plan, which covers less and costs less.
- The Affordable Care Act (ACA) helps individuals in the following ways:
  - You may get better coverage and pay less out of pocket in deductibles and copays.
  - You will no longer be denied coverage by insurance companies if you have a health condition.

***What causes my premium to increase at a different rate than others with the same insurance policy?***

- If you buy your own health insurance or have coverage through your employer, your premium may change each year because you have:
  - Reached a higher age;
  - Added a new family member to the policy or dropped coverage for a family member;
  - Moved to a different location; or
  - Changed benefits.
- In addition, if you have coverage through your employer, your premium may change due to:
  - Changes in the average age or family size of the group as a whole; or
  - Your employer is paying more or less of the total premium.
- If your rate increased, and you buy your own health insurance, check with your insurance carrier to find out the exact cause. If you have coverage through your employer, your human resources benefits office may be able to provide this information.

***Why did my health insurance premiums go up when I didn't have any claims (didn't see a doctor, go to the hospital or get any prescriptions)?***

- Your premium will not go up solely because you have claims, just as it will not go down solely because you do not have claims. Insurance is a pooling of risks, so individuals pay a share of the pooled experience in exchange for not assuming the full risk of their own medical costs. If you have an individual or small employer policy, your premium is based on the claims of everyone with your type of policy. If you have coverage under a large employer health plan, your premium is based in part on the claims of everyone in the group.

***What is the public's role in the rate review process?***

- While the proposed rates are nonpublic data prior to the approval and effective date, you can comment on the rate review process by emailing: [healthinsurance.ratecomments@state.mn.us](mailto:healthinsurance.ratecomments@state.mn.us) or tweeting us at @MNcommerce.

***Who can I contact if I have questions about the rate review process?***

- You can call the Department of Commerce at 651-539-1600 or 800-657-3602 (Greater Minnesota)