



NARRATIVE SUMMARY

Community-Rated Individual Commercial Comprehensive Premium Rate Filings Plan Year 2015

Healthfirst PHSP, Inc. (Healthfirst) has submitted to the New York Department of Financial Services (DFS) an application to adjust premium rates for direct pay individual market health insurance coverage effective in 2015. Healthfirst has requested a decrease in premium rates for plans offered in 2015. The Department of Financial Services is reviewing Healthfirst's requested premium rate decrease and will determine if the rates are appropriate based on the available evidence.

The requested rate adjustments will affect all currently enrolled individual market subscribers renewing coverage for the 2015 calendar year as well as new individual policies issued during the 2015 calendar year. Final rate adjustments approved by DFS will be effective January 1, 2015. The rates are guaranteed for a 12-month period ending December 31, 2015 and are subject to New York's community rating and guarantee issue laws. Subscribers' rates will vary according to the benefit plan in which they enroll, as well as the census/family tier they select.

As of the date of the submission of this Narrative Summary, zero covered lives (i.e., subscribers and their covered dependents) are affected by the rate adjustment.

A Description of Your Premium Rate

Health insurance premium rates have two main components. One is the costs of paying for medical care and the other is Healthfirst's administrative costs.

1. **Medical care costs.** The largest portion of health insurance premium rates goes toward paying for the costs of the medical claims submitted by you and other members enrolled in Healthfirst's individual market plans. Under New York law, at least 82 percent of the premium Healthfirst's members pay must be put toward paying for the costs of medical claims. More than 82 percent of Healthfirst's premium dollars is used for paying medical expenses.
2. **Administrative costs.** Administrative expenses include a wide range of services and functions, such as processing claims and upgrading technology to keep pace with the rapidly changing health care sector. It also accounts for an array of member-centric expenses such as conducting medical necessity reviews, managing members' complex and chronic conditions, maintaining a robust provider network, and partnering with the community on health education initiatives.



Healthfirst takes a meaningful and evidence-based approach to determining how much of a rate adjustment to request from DFS.

Your Rate Adjustment Explained

Healthfirst is applying for a rate adjustment to account for marketplace trends and to reflect actual and anticipated claims costs. While several market forces continue to drive health care costs higher more generally, Healthfirst continues to strengthen the effectiveness of its care management and quality improvement programs and robust network.

This requested rate change is based primarily only on preliminary data and information related to what the medical utilization, cost trends, and other data elements will be at year's end. The demographic make-up of Healthfirst's Qualified Health Plan (QHP) membership, for instance, is currently different than was expected. Based on these factors, information provided by New York State, and Healthfirst's projections, the membership's average demand for medical services may diminish in 2015. Healthfirst's premium rates must therefore be adjusted to accurately reflect these changing factors.

The premium rate decreases Healthfirst is requesting are summarized in the table below.

<u>Plan Name</u>	<u>Requested Decrease</u>
Healthfirst HMO A	9.6%
Healthfirst HMO B	9.6%
Healthfirst HMO C	9.8%
Healthfirst HMO D	9.8%

Final Rate Adjustment

The final rate adjustment that Healthfirst members experience may differ than what DFS eventually approves. Healthfirst will notify its currently enrolled members approximately 60 days prior to the new rate taking effect.