NARRATIVE SUMMARY

Community-Rated Individual Commercial Comprehensive Premium Rate Filings
Plan Year 2020

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 2020. Healthfirst has requested an increase in premium rates for plans offered in 2020. The Department of Financial Services is reviewing Healthfirst's requested premium rate increase 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 2020 calendar year as well as new individual policies issued during the 2020 calendar year. Final rate adjustments approved by DFS will be effective January 1, 2020. The rates are guaranteed for a 12-month period ending December 31, 2020 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, approximately 36,500 covered lives (i.e., subscribers and their covered dependents) are estimated to be affected by the rate adjustment.

A Description of Your Premium Rate

Your health insurance premium rate has 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 your health insurance premium rate 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.

Healthfirst is requesting a higher rate for 2020 because several market forces continue to drive health care costs higher. These forces include:

- Cost increases for inpatient hospital, outpatient hospital, and physician services
- Cost increases for prescription drugs, including the increased use of expensive specialty prescriptions.

Healthfirst is requesting increases by benefit plan, for both New York City and Long Island, which are summarized in the table below.

Plan Name	Requested Increase
Healthfirst Platinum Leaf & Healthfirst Platinum Leaf Premier	NYC 6.7% / LI 3.5%
Healthfirst Gold Leaf & Healthfirst Gold Leaf Premier	NYC 6.7% / LI 3.5%
Healthfirst Silver Leaf & Healthfirst Silver Leaf Premier	NYC 6.7% / LI 3.5%
Healthfirst Bronze Leaf & Healthfirst Bronze Leaf Premier	NYC 6.7% / LI 3.5%
Healthfirst Green Leaf	NYC 6.7% / LI 3.5%

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.