

Friday, July 08, 2022

2301 Main St. | Kansas City, MO 64108 | BlueKC.com

Summary

Blue Cross and Blue Shield of Kansas City (BCBSKC) is filing rates for individual plans in Missouri. The overall average premium increase for individual plans in 2023 is 20.2% compared to the 2022 individual rates. The changes for plans range from 10.0% to 30.0%. This does not include an additional small increase for attaining a new age. That is, an individual's premium rates will increase each year as they get older, even if the rates for their plan do not change. This small increase is not factored in to the average increases stated above.

In developing assumptions and setting rates for 2023, BCBSKC used data from its own claim experience, as well as information received from Wakely, a company which provides free services to aid insurance companies which provide coverage to individuals and small groups.

In 2021, the "experience period" used as a starting point for developing rates for 2023, BCBSKC experienced a medical loss ratio (MLR) of 110.9%. This means that 110.9% of premium received was spent on medical and drug claims. In other words, the premium received was not enough to pay for medical and drug claims. Our projected loss ratio for Affordable Care Act (ACA) individual plans in 2023 is 79.5%.

Scope and Range of the Rate Increase

The new 2023 rates will apply to any individual that first purchases or renews coverage for the year 2023. As of May 31, 2022, 5,866 members are enrolled in BCBSKC plans impacted by this rate filing. The average increase of 20.8% for the plans in question is an average.

Key Drivers Behind Rate Increase

Rates were not high enough to pay for medical claims, drug claims, and company expenses in 2021. It was determined that an increase of 19.2% (beyond increases made in 2022) was needed to correct this pattern. The 2023 rate increase is also driven by the continuing increases in the cost and use of medical services. Other factors, such as how much and what things members pay for also had an impact on rates in 2023.

Changes in Medical Service Costs

- All else held equal, BCBSKC expects medical costs to go up 5.8% from 2022 to 2023, primarily due to members seeking services at a greater rate next year, and the continued increase in the cost of those services.
- BCBSKC also expects the average health status of members covered by ACA individual plans to be healthier in 2023, resulting in a separate 0.8% decrease in medical costs.
- BCBSKC is also planning changes to company processes that are expected to decrease medical costs by 4.2%.

Other Factors

- Administrative expenses were expected to make up 12.1% of premium paid in 2022, which is lower than the amount of 14.1% used in 2023.
- In addition to the above, changes to the benefits of some plans, and how many people are expected to enroll in each plan and network resulted in a decrease of 1.9% to rates in 2023.

Monday, August 15, 2022

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Summary

Blue Cross and Blue Shield of Kansas City (BCBSKC) is filing rates for individual plans in Kansas. The overall average premium increase for individual plans in 2023 is 20.8% compared to the 2022 individual rates. The changes for plans range from 14.8% to 29.2%. This does not include an additional small increase for attaining a new age. That is, an individual's premium rates will increase each year as they get older, even if the rates for their plan do not change. This small increase is not factored in to the average increases stated above.

In developing assumptions and setting rates for 2023, BCBSKC used data from its own claim experience, as well as information received from Wakely, a company which provides services to aid insurance companies which provide coverage to individuals and small groups.

In 2021, the "experience period" used as a starting point for developing rates for 2023, BCBSKC experienced a medical loss ratio (MLR) of 106.7%. This means that 106.7% of premium received was spent on medical and drug claims. In other words, the premium received was not enough to pay for medical and drug claims. Our projected loss ratio for Affordable Care Act (ACA) individual plans in 2023 is 78.0%.

Scope and Range of the Rate Increase

The new 2023 rates will apply to any individual that first purchases or renews coverage for the year 2023. As of May 31, 2022, 3,978 members are enrolled in BCBSKC plans impacted by this rate filing. The average increase of 21.4% for the plans in question is an average.

Key Drivers Behind Rate Increase

Rates were not high enough to pay for medical claims, drug claims, and company expenses in 2021. It was determined that an increase of 18.1% (beyond increases made in 2022) was needed to correct this pattern. The 2023 rate increase is also driven by the continuing increases in the cost and use of medical services. Other factors, such as how much and what things members pay for also had an impact on rates in 2023.

Changes in Medical Service Costs

- All else held equal, BCBSKC expects medical costs to go up 5.5% from 2022 to 2023, primarily due to members seeking services at a greater rate next year, and the continued increase in the cost of those services.
- BCBSKC also expects the average health status of members covered by ACA individual plans to be healthier in 2023, resulting in a separate 1.1% decrease in medical costs.
- BCBSKC is also planning changes to company processes that are expected to decrease medical costs by 4.2%.

Other Factors

- Administrative expenses were expected to make up 12.0% of premium paid in 2022, which is lower than the amount of 13.0% assumed for 2023.
- In addition to the above, changes to the benefits of some plans, and how many people are expected to enroll in each plan and network resulted in a decrease of 2.0% to rates in 2023.