Aetna Health Inc. (NAIC 95517) – Group
Rate Notice – 11.33 percent increase
Decision – Under Review

Public Comment Period: August 10, 2023 deadline

On June 16, 2023 Aetna Health Inc., filed a request to raise rates an average of 11.33 percent for individual Affordable Care Act (ACA) health plans ranging from 7.25% to 13.7% depending on the plan. These are plans that are offered on the open market. They currently cover approximately 2 insured lives.
In developing the rate, Aetna anticipates that the increasing costs of medical services and the demand for those services will have an impact on the premiums of approximately 9.1 percent, a factor known as "trend."

The company said the primary drivers of the proposed increase are:
Medical costs are going up and they are changing their rates to reflect this increase. Medical costs have gone up mainly for two reasons – providers raised their prices and members are receiving more care.

Additionally, their estimate of average population health and the expected risk adjustment transfers for Affordable Care Act (ACA) products have changed to reflect new data on market average premiums and population health. Individual purchasing insurance in the marketplace are sicker than they initially anticipated. Population risk was also affected by the movement of business between the ACA market and other options as well as among other carriers in the marketplace.

General Reasons for Rate Increases are:
• **Increasing Cost of Medical Services** – Annual increases in reimbursement rates to health care providers – such as hospitals, doctors and pharmaceutical companies.
• **Increased Utilization** – The number of office visits and other services continues to grow. In addition, total health care spending will vary by the intensity of care and/or use of different types of health services. Patients who are sicker generally have a higher intensity of health care utilization. The price of care can be affected by the use of expensive procedures such as surgery vs. simply monitoring or providing medications.

• **Higher Costs from Deductible Leveraging** – Healthcare costs continue to rise every year. If deductibles and copayments remain the same, a greater percentage of health care costs need to be covered by health insurance premiums each year.
• **Cost shifting from the public sector to the private sector** – Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover all the cost of care. The cost difference is being shifted to private health plans. Hospitals typically make up this reimbursement shortfall by charging private health plans more.
• **Impact of New Technology** – Improvements to medical technology and clinical practice often result in the use of more expensive services, leading to increased health care spending and utilization.

If approved, the new rates would take effect January 1, 2024.