

# **Consumer Narrative**

## **Tufts Associated Health Maintenance Organization, Inc. Massachusetts Small Group Rate Filing**

### **Scope and Range of the Rate Increase**

The average requested first quarter 2020 rate increase for the TAHMO suite of products is 7.5%. The actual rate change realized by a group or individual will vary depending on age composition, geographic location, benefit plan design, and size. Starting in the first quarter of 2020, SIC is no longer used in the rate calculation process, which will also impact the actual rate change a group or individual receives. This filing impacts 24,212 members currently enrolled in one of the TAHMO products with a renewal date in the first quarter 2020.

### **Financial Experience of the product**

As demonstrated in the 2018 Medical Loss Ratio ("MLR") Rebate Calculation Form, Tufts Associated Health Maintenance Organization, Inc. Company met the legal requirements of a loss ratio in excess of 88.0% by providing premium rebates.

The loss ratio in this filing is anticipated to be above the 88.0% minimum.

### **Changes in Medical Service Costs**

The rate increase is primarily driven by the continual increase in medical service costs and partially offset by favorable historical claim experience. The key medical cost factors included in the rate filing are as follows:

- Higher provider reimbursement levels from increases in fee schedules
- Higher pharmaceutical costs from increases in the cost of brand name drugs

### **Changes in Benefits**

A consideration in the rate filing process is the changes in benefit plan design by product. The changes are typically made to keep a product affordable, meaning a lower premium a member will pay. Benefit plan design changes were made for the first quarter 2020, including the Standard plan designs mandated by the Massachusetts Health Connector.

### **Changes in administrative expenses, taxes, and fees**

Administrative expenses, including ACA related administrative expenses, taxes, and fees have decreased as a percent of premium.

In this rate filing, Tufts Health Plan (Tufts Associated Health Maintenance Organization, Inc. and Tufts Insurance Company) is requesting a contribution to surplus of 0.50% of premium.