

## **Written Description Justifying the Rate Increase**

Anthem Blue Cross A.K.A. Anthem  
Consumer Disclosure for Proposed Health Insurance Rate Increase  
Individual Plans  
Rate Change Effective January 1, 2021

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

Anthem Blue Cross A.K.A. Anthem has made a submission to the Department of Managed Health Care for premium rate changes for Anthem's fully ACA-compliant Individual health insurance plans. This filing includes an average annual rate increase of 5.9% percent with plan level annual rate increases ranging between -5.2% and 26.5%, excluding the impact of aging, effective January 1, 2021. This increase will impact approximately 102,000 renewing California Individual members in the first quarter of 2021 with Anthem.

A subscriber's actual rate increase could be higher or lower depending on their rating area, age, dependent coverage and other factors.

## **Financial Experience**

Anthem expects the proposed rate increase will cover projected medical trends and yield a medical loss ratio (MLR) of 87.1% on an ACA basis, meaning that 87 cents of each premium dollar are expected to go toward covering our members' medical expenses and improving health care quality. This projected MLR of 87.1% exceeds the minimum MLR requirement of 80.0% as defined in the Affordable Care Act (ACA). In the event Anthem's MLR is less than the Federal required minimum for a three year period, Anthem will refund the difference to policyholders.

## **Drivers of Rate Increase**

The primary driver of the rate increase is the continued increase in the cost of health care. This is driven by increases in the price of services, or unit costs, primarily from hospitals, physicians and pharmaceutical companies, coupled with increases in the consumption of services, or utilization, by members. Increases in the unit costs of services are driven by technology advances, general inflationary pressures, new medications, and a variety of other factors. Changes in utilization of services can be driven by the aging of the population, benefit design, and many other factors.

Anthem is committed to moderating the impact of rate increases on our members while continuing to provide access to high quality, affordable health care. We are dedicated to working with our members to find health coverage plans that are the most appropriate, beneficial, and affordable for their needs. In addition, we are investing in initiatives to reduce the cost of care, to promote wellness and preventative care, and encourage providers to deliver high-quality, evidence-based care.