Harvard Pilgrim Health Care, Inc. (NAIC 96667) – Individual
Rate Notice – 16.8 percent increase
Decision – Under Review

Public Comment Period: August 10, 2023 deadline

On June 16, 2023 Harvard Pilgrim Health Care, Inc. (Harvard) filed a request to raise rates an average of 16.8% for Individual Affordable Care Act (ACA) health plans ranging from 1.5% to 21.2% depending on the plan. These are plans that are offered through the state-sponsored exchange and on the open market. They currently cover approximately 21,796 insured lives. In developing the rate, Harvard anticipates that the increasing costs of medical services and the demand for those services will have an impact on the premiums of approximately 8 percent, a factor known as "trend."

The key drivers of the Harvard rate increase include:
• Medical cost trend continues to be a significant drive of increasing premium rates. Medical trend is comprised of inpatient, outpatient, and physician services as well as pharmacy costs.
The expected medical cost trend includes both increases in the cost of the services provided by hospitals and physician groups and increases in the utilization of these services by members.
• The MGARA reinsurance program updated reimbursement parameters for 2024 which will reduce the reimbursements for carriers participating in the merged market. The impact of these changes is contributing to the increase in rates for 2024.

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.