

EXHIBIT 13b: NARRATIVE SUMMARY

| | |
|-------------------|-----------------------|
| Company Name: | <u>CDPHP</u> |
| NAIC Code: | <u>95491</u> |
| SERFF Tracking #: | <u>CAPD-132341197</u> |
| Market Segment: | <u>Individual</u> |

Capital District Physicians' Health Plan, Inc. (CDPHP®) offers a health maintenance organization (HMO) product on a community-rated, direct-pay basis to individuals.

CDPHP has filed a request for approval by the New York State Department of Financial Services for a change to the premium for this product effective January 1, 2021. Policyholders will receive rate adjustments upon their renewal in 2021. The weighted average premium rate adjustment is 4.3%. 7,249 members and 5,225 policyholders are affected by this request.

As a not-for-profit health plan, CDPHP takes seriously its responsibility to control rising health care costs and be a good steward of your premium dollars. However, we continue to battle the rising cost of care, driven primarily by state and federal regulations and taxes, specialty drugs, provider consolidation — and most recently, the harmful impact to our economy and health care system of the COVID-19 pandemic. These factors have resulted in the need to increase insurance premiums. We are working hard to alleviate these cost increases in a variety of ways, such as:

- The CDPHP Enhanced Primary Care (EPC) program, a nationally-recognized patient-centered medical home that encourages high-quality, cost-effective services at the primary care level.
- Our innovative hospital experience program which connects CDPHP nurses and service staff to assist patients at the bedside, improving members' experience of care while reducing costs and unnecessary readmissions to hospitals.
- Dedicating resources to improving the overall health of our membership.
- More convenient access to care through our telemedicine (live video doctor visits) partners, Doctor On Demand and ER Anywhere.
- CDPHP Price Check, a cost transparency tool that provides members estimated costs on a range of health care services.
- Movement of services to more cost-effective outpatient settings, such as freestanding surgical centers.
- Case management and medication therapy management services, available at no out-of-pocket cost.
- Mental health and substance use programs, including access to a 24-hour crisis line.

The 2021 expected change in medical and pharmacy costs due to trend is +5.6%. Federal Risk Adjustment is a program that requires insurance carriers with low-risk members to pay into a fund that covers high-risk members. As a result of the decrease in the anticipated receivable from this program, the impact on the rates is 3.9%.

Federal ACA fees were removed for 2021 and will have a favorable impact of 1.0%.

CDPHP is required by New York state insurance law to meet a minimum medical loss ratio (MLR) standard of 82%. This means that 82% of premiums must be used to cover health care costs. CDPHP will exceed this minimum requirement in 2021 with an MLR of 86.7%.

EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION

NUMERICAL SUMMARY

Company: CDPHP
 NAIC Code: 95491
 SERFF Tracking #: CAPD-132341197
 Market Segment: Individual

- 1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
- 2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2021 Exhibit 13b - Narrative Summary.docx")
- 3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
- 8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9 Links should be provided on key pages of the company's website so that the information may be easily located.
- 10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11 Rate Change Adjustment calculations between Year 2020 and 2021 should be based on the DFS Membership Survey data as of 3/31/2020.
- 12 This exhibit must be submitted as an Excel file and as a PDF file.

A. Average 2020 and 2021 Premium Rates:

- 1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2020 and Columns U-Y for 2021)
- 2 Premium Rates for 2021 should be Consistent with the Premium Rates reflected in Exhibit 23.

| | Average Individual Rate Platinum | Average Individual Rate Gold | Average Individual Rate Silver | Average Individual Rate Bronze | Average Individual Rate Catastrophic |
|--|-------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|---|
| 2020 Weighted Average Base Premium Rates | \$ 915.69 | \$ 771.50 | \$ 603.34 | \$ 454.63 | \$ 240.61 |
| 2021 Weighted Average Base Premium Rates | \$ 945.60 | \$ 779.54 | \$ 629.89 | \$ 472.10 | \$ 219.66 |

B. Weighted Average Annual Percentage Requested Adjustments:

| | 2020 to 2021 | 2020 Weighted Average PMPM Rate All - Metals | 2021 Weighted Average PMPM Rate All - Metals |
|---------------------------|--------------|---|---|
| Requested Rate Adjustment | 4.26219% | \$ 556.57 | \$ 580.29 |

From Cells Q-74 and Z-74 of Exhibit 13c

C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years [If Applicable]*:

| | 2018 to 2019 | 2019 to 2020 |
|-----------------------------------|--------------|--------------|
| Average Rate Adjustment Requested | 5.04629% | 7.04966% |
| Average Rate Adjustment Approved | -1.90454% | 6.52859% |

D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]*:

| | 2017 | 2018 | 2019 |
|-----|-------|-------|-------|
| MLR | 88.2% | 79.7% | 92.3% |

E. Claim Trend Rates and Average Ratios to Earned Premiums [Per Exhibit 19 for 2019-2021 and Comparable Exhibits for 2019] [If Applicable]*:

| | 2019 | 2020 | 2021 |
|--------------------------|-------|-------|-------|
| Annual Claim Trend Rates | 13.1% | 5.3% | 5.6% |
| Expense Ratios | 9.5% | 12.6% | 12.3% |
| Pre Tax Profit Ratios | 1.0% | 1.0% | 1.0% |

* If no products were offered in a particular year, indicate "N/A" in the applicable box.