

CareSource Kentucky Co. (CareSource) began offering health exchange coverage in 2015 to Kentucky residents in 16 counties. For 2016 CareSource will continue to offer health exchange coverage in these counties and has made the decision to expand to additional counties. When setting our premium rates in 2015 with limited experience and new to the market, we based our premiums on information we had from other products adjusted to Kentucky and the individuals purchasing coverage on the marketplace at the time. Another source of information we used when determining the reasonableness of our 2015 rates was to see what rates were in the market, at the time they were for 2014, and see how we compare. CareSource came in with very strong 2015 premiums that were lower than the rest of the market in 2015. As we start to see very early experience from our Kentucky product offering and looking at CareSource's parent organization 2014 health exchange product line experience, our preliminary 2015 to 2016 premium rate change for existing members is on average 14.2%. Even with an increase to our premiums we believe that CareSource's product offering in Kentucky will be competitive amongst the options that will be available to consumers in 2016. The overall rate increase is also somewhat due to an improvement in our overall healthcare network as we continue to build and expand our product service area. Our goal is to provide our members with a high quality network with enough healthcare providers to meet your health needs.