

This filing is for CareSource's Individual non-grandfathered ACA complaint on and off-exchange block of business effective 1/1/2024. This block is projected to have 309,998 member months in 2024. The requested average rate increase to be effective 1/1/2024 was 7.5% in the initial submission, however, during the course of the review the Company revised the trend assumption and the final requested rate increase is 11.5%, ranging from -7.5 to 25.4%. CareSource is offering plans in all eight rating areas effective 2024. The projected pricing loss ratio for this block is 79.1% for the 2024 rating period.

The federally adjusted projected loss ratio for this block is 81.5% for the rating period. The assumed profit margin is 5.2%. The expected loss ratios and assumed profit margins are consistent with the Company's prior rate filings. Individual rates are set for a 1/1/2024 effective date and will remain the same throughout the entire calendar year. The Company originally filed a rate increase of 7.5% but a recent review of the Company's claims experience and financial projections led to concerns that the rate change submitted with the initial filing was insufficient and would result in a negative operating margin. Based on these discussions, the Company requested an updated filing with an increased annual trend from 3.9% to 6.1% and a final rate increase of 11.5%. Benefits reasonable in relation to premium The anticipated pricing loss ratio is 79.1% using best estimate assumptions. Administrative and other expenses are projected to be 21.0% of premium. This reflects a 5.2% for profit and contingency margin before federal income taxes. This is slightly from the 5.0% profit & contingency margin approved in the previous filing.

DESCRIPTION OF FILING REVIEW PROCESS WITH INSURER The submitted filing was reviewed and subsequent questions requesting additional information sent to the insurer. Additional information requested included detail on the risk adjustment, trend, AV pricing and metal values, retention, enrollment projections, rating factors, and Covid-19. During the course of the review, the Company uploaded revised rating document to reflect the revised trend assumptions and resulting rate increase of 11.5% CareSource provided supporting documentation for its assumptions, although given the wide range of possible scenarios and magnitude, complexity of ACA provision, and uncertainty of actual market purchaser characteristics, it is not unlikely that results will vary from the company's assumptions. Based on the review of the material contained in this rate filing, with specific comments for each area of compliance, we find that any outstanding requirements are not, individually or in combination, substantial in effect in failing to meet the provisions of 806 KAR 17:150. Therefore, this rate filing was approved with an average rate increase of 11.5%.