

Molina Healthcare of New Mexico, Inc.

Part II: Written Description Justifying the Rate Increase Effective January 1, 2018

Molina Healthcare of New Mexico, Inc. (Molina) is a managed care organization that provides healthcare services for 270,000 individuals eligible for Medicaid, Medicare, and Marketplace throughout the State of New Mexico. Molina Healthcare, Inc.'s mission is to provide quality health services to financially vulnerable families and individuals covered by government programs.

Molina is requesting a 56.6% premium increase for its individual policies sold in the New Mexico Marketplace effective January 1, 2018. 28,928 Molina Marketplace members would receive premium increases ranging from 10.0% to 177.8% depending on their geographic location and metal tier. Some members will receive premium increases near the upper end of the range due to a federally prescribed change in the age rating factors for members under the age of 21.

Molina's premium increase is due to the New Mexico Office of the Superintendent of Insurance's directive to assume federal cost share reduction payments are unfunded, the uncertainty of the enforcement of the individual mandate, the inclusion of the ACA Health Insurers Provider Fee, medical and prescription drug cost inflation, and incremental administrative costs to provide better service to our members contributed to the premium increase.

The proposed premium rates yield a medical loss ratio of 80.2%. The medical loss ratio represents the percentage of every premium dollar that Molina expects to spend on medical expenses and improving health care quality for our members. The projected medical loss ratio of 80.2% exceeds the Affordable Care Act minimum required loss ratio of 80.0%.