

Molina Healthcare of Ohio, Inc.

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

Molina Healthcare of Ohio, Inc. is a managed care organization that provides healthcare services for over 355,000 individuals eligible for Medicaid, Medicare, and Marketplace throughout the state of Ohio. 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 42.2% premium increase for its individual policies sold in the Ohio Marketplace effective January 1, 2018. 20,948 Molina Marketplace members would receive premium increases ranging from 13.5% to 142.9% depending on their geographic location and metal tier. A few 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.

Although Molina's financial experience has met or exceeded expectations in the past, a premium increase is necessary to cover increased expenses expected in 2018. The uncertainty of the enforcement of the Individual Mandate, 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 83.6%. 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 83.6% exceeds the Affordable Care Act minimum required loss ratio of 80%.