

## **Molina Healthcare of Michigan, Inc.**

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

Molina Healthcare of Michigan, Inc. is a managed care organization that provides healthcare services for over 415,000 individuals eligible for Medicaid, Medicare, and Marketplace throughout the State of Michigan. 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 42.8% premium increase for its individual policies sold in the Michigan Marketplace effective January 1, 2018. 26,270 Molina Marketplace members would receive premium increases ranging from 12.6% to 138.2% 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 State of Michigan'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 81.0%. 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 81.0% exceeds the Affordable Care Act minimum required loss ratio of 80.0%.