

Molina Healthcare of Texas, Inc.

Part II: Written Description Justifying the Rate Increase Effective January 1, 2019

Standard Product

Molina Healthcare of Texas, Inc. is a managed care organization that provides healthcare services for over 482,000 individuals eligible for Medicaid, Medicare, and Marketplace throughout the state of Texas. 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 9.4% premium increase for its individual policies sold in the Molina Marketplace Standard Individual HMO product effective January 1, 2019. 104,319 Molina Marketplace Standard Individual HMO members would receive premium increases ranging from 6.8% to 28.4% depending on their geographic location and metal tier.

Although Molina's financial experience has met or exceeded expectations in the past, a premium increase is necessary to cover increased expenses expected in 2019. Much of the premium increase is related to the elimination 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 also contributed to the premium increase.

The proposed premium rates yield a medical loss ratio of 85.6%. 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 85.6% exceeds the Affordable Care Act minimum required loss ratio of 80%.