

Molina Healthcare of Utah, Inc.

Part II: Explanation of the Rate Increase Effective January 1, 2019

Molina Healthcare of Utah, Inc. is a managed care organization that provides healthcare services for over 90,000 individuals eligible for Medicaid, Medicare, and Marketplace throughout the state of Utah. Molina Healthcare of Utah, Inc. is a licensed state health plan managed by its parent corporation, Molina Healthcare, Inc.

1. Scope and range of the rate increase: Molina is requesting on average a 23.3 percent premium increase for its individual policies sold in the Utah Marketplace effective January 1, 2019. Molina will be offering a Gold and Silver Marketplace plans.

2. Financial experience of the product: Premium of \$231,802,973 was received for 2017 compared to incurred claims of \$187,394,224 and expected risk transfer payments of \$(38,365,114). Molina's financial experience in 2017 was worse than anticipated, resulting in a loss of 5.8 percent.

The proposed premium rates yield a medical loss ratio of 84.1 percent. 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 84.1 percent exceeds the Affordable Care Act minimum required loss ratio of 80 percent.

3. Changes in Medical Service Costs: Medical inflation related to the utilization and cost of covered services increased rates by 19.2 percent. 6.5 percent of the total is owed to utilization, driven by a 10.5 percent trend in pharmacy drug utilization. 12.0 percent of the total is owed to unit cost, driven by a 21.8 percent increase to outpatient services.

4. Changes in benefits: Molina is mapping its Off Exchange Gold plan to its On Exchange variant and offering a Silver plan.

5. Administrative costs and anticipated profits: The Health Insurer Fee will be given a one year moratorium, which decreases rates approximately 3.0 percent.