

Empire HealthChoice Assurance, Inc. (Empire BCBS an Anthem company)
Written Description Justifying the Rate Increase
Small Group Plans
Rate Change Effective January 1, 2024

Scope of the Rate Increase

Qualified Health Plan (QHP) issuers are required to post a justification for a rate increase to its website. Below is the justification for the rate increase effective January 1, 2024 for Empire Small Group medical QHP plans offered in New York that are fully-compliant with the Patient Protection and Affordable Care Act (ACA).

Significant Cost Components

The primary driver of the premium increase is the increases in the cost of healthcare. The increases are associated with increases in the “unit” cost of services primarily from hospitals, physicians, and pharmaceutical companies, coupled with increases in the consumption of services, or “utilization”, by members. Increases in the unit costs of services are driven by many things, including technology advances, cost shifting to private insurers due to reductions in Medicaid and Medicare reimbursement, general inflationary pressures, and a variety of other factors. In particular, the costs of new prescription drugs will continue to have a notable effect on pharmacy inflation. Additionally, 2022 shows continued increase in cost and utilization of diabetic and weight loss drugs.

Also driving the premium increase are the expected 2024 impacts from the COVID-19 pandemic including the cost of vaccination administration and continued diagnosis and treatment of COVID-19.

Empire continues to effectively manage administrative and selling costs. Anticipated profits are not expected to materially change such that the changes would impact the proposed rate increase. The Affordable Care Act requires that no less than 80% of a health insurer’s premium dollars go to medical expenses, otherwise a premium rebate to employers and subscribers must be generated to refund the difference. Accordingly, Empire files premiums targeting compliance with that requirement.

What is Empire doing to keep premiums affordable?

Empire is investing in many initiatives designed to improve patient safety, outcomes, and health while reducing medical cost trends and allowing our members to better manage their health and health care costs. For instance, we are collaborating with providers through value based payments models that reward them when they provide high-quality, evidence-based care, which reduces costs over time by, among other things, improving health and reducing or eliminating avoidable ER visits and admissions. This includes programs designed to promote and support patient-centered care models under which Empire gives primary care physicians tools and resources to proactively manage the overall health of their patients and coordinate their care across all settings. It also includes hospital pay for performance programs where Empire rewards hospitals when they meet patient safety, outcome, and satisfaction measures.

In addition, we continue to negotiate the best possible rates for covered services and offer tools to help our members make informed health care purchasing decisions by allowing them to compare costs and quality for hundreds of procedures at different facilities and estimate their out of pocket expenses.

Finally, we are dedicated to working with our members to find health coverage plans that are the most appropriate, beneficial, and affordable for their needs.

As a New York based company that has done business here for over 85 years, we care deeply about our customers and the community. We are committed to driving lasting improvements in health care quality and affordability, improving the lives of not only the members we serve, but also the health of communities across New York.