

## EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	<u>Crystal Run Health Insurance Company, Inc.</u>
NAIC Code:	<u>15677</u>
SERFF Tracking #:	<u></u>
Market Segment:	<u>Small Group</u>

Crystal Run Health Insurance Company, Inc. (CRHIC) currently offers small group EPO, PPO, High Deductible EPO and High Deductible PPO products on a community-rated basis off exchange in Orange and Sullivan counties.

CRHIC has filed a request for approval by the New York State Department of Financial Services of changes to its small group premium rates. Policyholders will receive rate adjustments upon their renewal date in 2018. The range of premium rate changes is 11.0% to 12.6%. Approximately 815 CRHIC policy holders will be impacted by these proposed changes. CRHIC is also requesting approval of rates for Rockland County as it anticipates expanding its service area there on or around January 1, 2019.

The change in premium requested is due to:

- Expected changes in medical and pharmacy claim costs due to health care pricing trends;
- Costs of the ACA Risk Adjustment program;
- Demographic changes including aging of the covered population;
- Changes in benefits (varies by benefit plan).

### **Changes in Medical and Pharmacy Claim Cost Assumptions**

Medical and pharmacy claim cost trends are typically broken into two components, utilization and unit cost. CRHIC expects to see increases in utilization due to increased availability of insurance coverage, advances in medical technology, and increased use of specialty pharmaceuticals to manage complex medical conditions.

The 2018 premium rates reflect expected provider increases for 2019 for major physician groups and hospital systems.

CRHIC has sought to slow the rate of increases in costs for medical and pharmacy services by movement of services to more cost-effective settings such as freestanding surgical centers, freestanding imaging centers, freestanding infusion centers and freestanding physical and occupational therapy as well as encouraging the use of generic drugs and adherence to the prescription drug formulary.

### **The ACA Risk Adjustment Program**

Under the ACA Risk Adjustment program, health plans with lower risk scores and lower premiums relative to the New York State average, pay larger amounts relative to their premiums into the program. CRHIC will be a payor into the program for 2019.

## **Demographic Changes**

The demographic assumptions are adjusted to reflect changes in the single/family mix and/or the aging of the underlying population.

## **Changes in Administrative Expense Load**

Administrative expense load is the percentage representing administrative costs built into premium. As a new company, CRHIC is charging less than its costs to administer its products based on the expectation that administrative costs per member will decline as membership grows.

## **Changes in Benefits**

CRHIC modified the benefit design for many of its plans in 2019 while maintaining compliance with Actuarial Value Calculator. These benefit changes contributed to lowering the premium increases for most plans.