



Dora
Department of Regulatory Agencies

Division of Insurance

Factors Affecting Health Insurance Premiums Starting in 2014

Factors Insurance Companies Review When Developing a Product's Base Rate

Companies review factors that reflect changes in costs related to the delivery of health care services or the behavior of the overall population. These factors help insurers establish an average base rate. The "base rate" applies to an individual product for an entire market segment (individual, large group, small group.) ***This rate is established before an insurer calculates an individual's or an employer's final premium.*** The following factors may be reviewed to establish a product's base rate.

1. Experience of an entire group of policyholders

Definition: Number of claims made by all policyholders that have similar plans over a year

- a. Carriers adjust base rates if there is a difference between actual claims and the previous year's estimate of claims. If a carrier makes a bad estimate, it will increase the base rate to cover additional costs.

2. Medical Trend

Definition: Increase in the costs and number of health care services provided to policyholders

- a. Costs - estimated change in the price per health care service delivered, including:
 - i. Contracts with doctors
 - ii. Hospital charges
 - iii. Laboratory services
 - iv. Pharmacy – production and dispensing
 - v. Diagnostic imaging (x-rays, cat scans, MRI, etc...)
- b. Utilization – frequency with which individuals use the health care system. It can be affected by several factors.
 - i. Aging population
 - ii. Overall decrease of the population's health (i.e. obesity)
 - iii. Changes in provider treatment patterns such as an increase in cat scans, lab tests or outpatient surgeries

3. Insurance Trend

Definition - Increase in costs associated with current policies and their benefit structures

- a. Deductible Leveraging – This process adjusts the base rate to cover the decreased value of a deductible or co-pay. When a deductible or co-pay stays constant over several years, the deductible loses value because medical inflation continues. For instance, a \$1000 deductible won't cover as much health care the second year. Carriers make up for this decreased value by raising the base rate.

4. Aggressive Pricing

Definition: Carriers may initially price a product lower to get more policyholders. If a carrier attracts a strong policyholder base, the initial pricing is likely to continue. If the carrier does not attract a strong policyholder base, costs may rise to accommodate for lost revenue. A carrier also may initially price a product higher to ensure the carrier's cost estimates are correct.

5. Business Operations

Definition: Costs incurred through general business operations including payroll and benefits, information technology systems and reinsurance contracts. The reinsurance covers the highest claims a company may incur, but does not want to pay.

6. Cost-shifting

Definition: Adjustment in base rate due to uncompensated care of the uninsured or the inadequate payments received from public programs such as Medicare and Medicaid. For example, if an uninsured patient cannot pay a provider, that provider will increase charges for privately insured patients in order to recoup the costs.

7. Federal Health Care Reform Requirements

Definition: Variety of new requirements mandated in federal law since 2010, with new requirements starting in 2014, including:

- a. No denials for anyone with pre-existing conditions
- b. No rescissions except for fraud
- c. No lifetime limits
- d. Restricted annual limits
- e. Dependent coverage up to age 26
- f. Full coverage of certain preventive services

8. State mandates

Definition: Requirements mandated in state law. There have been no new state mandates since 2011.

Factors Insurers Use to Establish a Premium – Once the base rate is established, insurers can review certain additional factors *to adjust an individual's or employer's final premium*. These factors are established by law and vary according to each of Colorado's three insurance markets – large group, small group and individual. For instance, a small employer with three employees over age 50 is affected by the age factor more than an employer with one 30 year old and two employees over age 50.

Large Group Employer (50+ employees): Previous claims of the group are the biggest factors in premiums, whether it's a new policy or a renewal.

Small Group Employer (1-50 employees): Insurers can adjust premiums based on age, geography, tobacco use, family size, and a plan's benefit structure.

Individual Coverage: Insurers can adjust premiums based on age, tobacco, geography, a plan's benefit design. Carriers can no longer increase premiums due to an individual's health status. Some companies add a predetermined impact for the length of time a consumer has a policy.

Age Factor Table - to Adjust the 40 Year Old Rate to Other Ages

This table may be used to adjust any of the 40-year old rates in the following tables to any other age. All health issuers use the same scale of age factors. In this table the age 40 rate has been set at 1.0. To find the rate for any other age take the age 40 rate times the appropriate age factor from the table:

(Age 40 Rate) x (Age Adjustment Factor)

Age	Age Adjustment Factor
0-20	0.497
21-24	0.782
25	0.786
26	0.801
27	0.820
28	0.851
29	0.876
30	0.888
31	0.907
32	0.926
33	0.937
34	0.950
35	0.956
36	0.962
37	0.969
38	0.975
39	0.987
40	1.000
41	1.019
42	1.037
43	1.062
44	1.093
45	1.130
46	1.174
47	1.223
48	1.279
49	1.335
50	1.397
51	1.459
52	1.527
53	1.596
54	1.671
55	1.745
56	1.826
57	1.907
58	1.994
59	2.037
60	2.124
61	2.199
62	2.248
63	2.310
64+	2.347

Example 1:

If the Age 40 rate = \$320.00

then,

the Age 62 rate = $2.248 \times \$320.00 = \719.36

Example 2:

If the Age 40 rate = \$250.45

then,

the Age 21 rate = $0.782 \times \$250.45 = \195.85

Bronze Plan 40 Year Old Sample Rates
Individual Health Plans

Company	Plan Name	Metal Tier	Rating Area 1	Rating Area 2	Rating Area 3	Rating Area 4	Rating Area 5	Rating Area 6	Rating Area 7	Rating Area 8	Rating Area 9	Rating Area 10	Rating Area 11				
Humana Health Plan	Humana Connect Bronze 4900/6400 Plan	Bronze	\$230.17	\$237.97	\$230.17	\$220.78	\$213.54	\$227.06	\$235.08	\$248.00	\$269.85	\$223.33	\$396.12	\$396.25	\$386.72	\$410.79	\$380.88
	Humana Connect Bronze 6300/6300 Plan	Bronze	\$396.28	\$345.63	\$396.28	\$345.63	\$327.06	\$307.23	\$318.63	\$323.33	\$235.08	\$282.10	\$282.10	\$282.10	\$223.33	\$235.08	\$235.08
	Humana Preferred Bronze 4900/6400 Plan	Bronze	\$352.25	\$290.72	\$352.25	\$307.23	\$290.72		\$290.72								
	Humana Preferred Bronze 6300/6300 Plan	Bronze															
Humana Insurance Company	Humana Preferred Bronze 4900/6350 Plan	Bronze			\$391.50	\$416.09			\$445.64	\$445.78	\$435.06	\$462.14	\$428.49				
	Humana Preferred Bronze 6300/6300 Plan	Bronze			\$348.00	\$369.85			\$396.12	\$396.25	\$386.72	\$410.79	\$380.88				
	Humana Preferred Bronze 6300/6300 Plan	Bronze	\$235.08	\$223.33	\$235.08	\$223.33	\$223.33	\$223.33	\$282.10	\$282.10	\$223.33	\$235.08	\$235.08	\$235.08	\$223.33	\$235.08	\$235.08
	Humana Preferred Bronze 6300/6300 Plan	Bronze	\$186.31	\$177.00	\$186.31	\$177.00	\$186.31	\$177.00	\$223.57	\$223.57	\$223.57	\$186.31	\$186.31	\$186.31	\$177.00	\$186.31	\$186.31
Kaiser Foundation	KP CC Bronze 4500/50/Dental	Bronze	\$235.08	\$256.59	\$235.08	\$223.33	\$235.08	\$223.33	\$282.10	\$282.10	\$223.33	\$235.08	\$235.08	\$235.08	\$223.33	\$235.08	\$235.08
	KP CC Bronze 5000/30%/HSA	Bronze	\$186.31	\$204.94	\$186.31	\$177.00	\$186.31	\$177.00	\$223.57	\$223.57	\$223.57	\$186.31	\$186.31	\$186.31	\$177.00	\$186.31	\$186.31
	Colorado Springs Health Partners HMO Bronze - Deductible \$4500/Copay \$50	Bronze	\$257.93														
Rocky Mountain HMO	Colorado Springs Health Partners HMO Bronze - Deductible \$4500/Copay \$50	Bronze	\$263.69														
	Colorado Springs Health Partners HMO Bronze - Deductible \$4500/Copay \$50 (w/Child Dental)	Bronze	\$251.20														
	Colorado Springs Health Partners HMO Bronze HSA - Deductible \$6300/100%	Bronze	\$256.97														
	Mesa County Exclusive HMO Bronze - Deductible \$6300/100% (w/Child Dental)	Bronze	\$260.33														
	Mesa County Exclusive HMO Bronze - Deductible \$4500/Copay \$50 (w/Child Dental)	Bronze	\$266.57														
	Mesa County Exclusive HMO Bronze - Deductible \$5500/Copay \$60 (w/Child Dental)	Bronze	\$256.97														
	Mesa County Exclusive HMO Bronze - Deductible \$5500/Copay \$60 (w/Child Dental)	Bronze	\$262.73														
	Mesa County Exclusive HMO Bronze HSA - Deductible \$6300/100% (w/Child Dental)	Bronze	\$253.61														
	Mesa County Exclusive HMO Bronze HSA - Deductible \$6300/100% (w/Child Dental)	Bronze	\$259.37														
	New West Focus HMO Bronze - Deductible \$4500/Copay \$50	Bronze	\$275.74														
	New West Focus HMO Bronze - Deductible \$4500/Copay \$50 (w/Child Dental)	Bronze	\$281.71														
	New West Focus HMO Bronze HSA - Deductible \$6300/100% (w/Child Dental)	Bronze	\$268.16														
	New West Focus HMO Bronze HSA - Deductible \$6300/100% (w/Child Dental)	Bronze	\$274.67														
	Rocky Mountain View PPO Bronze - Deductible \$4500/Copay \$50 (w/Child Dental)	Bronze	\$350.26	\$271.37	\$306.08	\$381.82	\$271.37	\$366.04	\$350.26	\$334.49	\$429.15	\$318.71	\$441.77				
	Rocky Mountain View PPO Bronze - Deductible \$4500/Copay \$50 (w/Child Dental)	Bronze	\$358.33	\$277.62	\$313.12	\$390.61	\$277.62	\$374.47	\$358.33	\$342.18	\$439.02	\$326.04	\$451.94				
	Rocky Mountain View PPO Bronze - Deductible \$5500/Copay \$60 (w/Child Dental)	Bronze	\$345.30	\$267.54	\$301.75	\$376.41	\$267.54	\$360.86	\$345.30	\$329.75	\$423.07	\$314.20	\$435.52				
	Rocky Mountain View PPO Bronze - Deductible \$5500/Copay \$60 (w/Child Dental)	Bronze	\$353.37	\$273.77	\$308.79	\$385.20	\$273.77	\$369.28	\$353.37	\$337.44	\$432.95	\$321.53	\$445.68				
	Rocky Mountain View PPO Bronze HSA - Deductible \$6300/100% (w/Child Dental)	Bronze	\$340.96	\$264.18	\$297.95	\$371.68	\$264.18	\$356.32	\$340.96	\$325.61	\$417.75	\$310.25	\$430.05				
	Rocky Mountain View PPO Bronze HSA - Deductible \$6300/100% (w/Child Dental)	Bronze	\$349.02	\$270.41	\$305.01	\$380.46	\$270.41	\$364.74	\$349.02	\$333.30	\$427.63	\$317.58	\$440.21				

Silver Plan 40 Year Old Sample Rates
Small Group Health Plans

Company	Plan Name	Metal Tier	Rating Area 1	Rating Area 2	Rating Area 3	Rating Area 4	Rating Area 5	Rating Area 6	Rating Area 7	Rating Area 8	Rating Area 9	Rating Area 10	Rating Area 11
Colorado Choice	CommunityChoice 70	Silver	\$288.11	\$321.23	\$390.77	\$418.69	\$425.79	\$432.47	\$438.82	\$445.16	\$451.50	\$457.84	\$464.18
COOP	SilverChoice 2000/40	Silver	\$320.40	\$328.88	\$337.36	\$345.84	\$354.32	\$362.80	\$371.28	\$379.76	\$388.24	\$396.72	\$405.20
HealthOP	Bison HSA	Silver	\$320.40	\$328.88	\$337.36	\$345.84	\$354.32	\$362.80	\$371.28	\$379.76	\$388.24	\$396.72	\$405.20
HealthOP	Bison PPO	Silver	\$405.00	\$408.16	\$411.32	\$414.48	\$417.64	\$420.80	\$423.96	\$427.12	\$430.28	\$433.44	\$436.60
HMO Colorado	Anthem Essential Direct Access Plus gkda	Silver	\$390.20	\$316.46	\$337.11	\$355.21	\$371.85	\$386.95	\$401.59	\$415.73	\$429.87	\$443.51	\$457.15
	Anthem Essential Direct Access Plus gnda	Silver	\$310.39	\$297.48	\$316.88	\$333.90	\$351.18	\$368.46	\$385.74	\$403.02	\$420.30	\$437.58	\$454.86
	Anthem Essential Guided Access gkda	Silver	\$341.19	\$368.45	\$395.71	\$422.97	\$450.23	\$477.49	\$504.75	\$532.01	\$559.27	\$586.53	\$613.79
	Anthem Essential Guided Access Plus gnda	Silver	\$305.30	\$325.23	\$345.16	\$365.03	\$384.90	\$404.77	\$424.64	\$444.51	\$464.38	\$484.25	\$504.12
Humana Health Plan	Simplicity 100/0 \$45 \$6350	Silver	\$288.25	\$291.42	\$294.59	\$297.76	\$300.93	\$304.10	\$307.27	\$310.44	\$313.61	\$316.78	\$320.00
	Simplicity 100/0 \$50 \$6350 OOP	Silver	\$249.47	\$253.51	\$257.55	\$261.59	\$265.63	\$269.67	\$273.71	\$277.75	\$281.79	\$285.83	\$289.87
	Trad Copay 100/70 \$30 Copay, \$1500 Ded, \$6350 OOP - NP0S Network	Silver	\$450.77	\$455.77	\$460.77	\$465.77	\$470.77	\$475.77	\$480.77	\$485.77	\$490.77	\$495.77	\$500.77
	Trad Copay 50/50 \$30 Copay, \$2000 Ded, \$6350 OOP - NP0S Network	Silver	\$314.64	\$291.27	\$267.90	\$244.53	\$221.16	\$197.79	\$174.42	\$151.05	\$127.68	\$104.31	\$80.94
	Trad Copay 100/70 \$30 Copay, \$1500 Ded, \$6350 OOP - HMO OA Network	Silver	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62	\$439.62
	Trad Copay 50/50 \$30 Copay, \$2000 Ded, \$6350 OOP - HMO OA Network	Silver	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58	\$282.58
	Trad Copay 100/70 \$30 Copay, \$1500 Ded, \$6350 OOP - HMO OA Network	Silver	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77	\$478.77
	Trad Copay 50/50 \$30 Copay, \$2000 Ded, \$6350 OOP - HMO OA Network	Silver	\$305.00	\$289.04	\$273.08	\$257.12	\$241.16	\$225.20	\$209.24	\$193.28	\$177.32	\$161.36	\$145.40
Humana Insurance Company	Trad Copay 100/70 \$30 Copay, \$1500 Ded, \$6350 OOP	Silver	\$491.15	\$450.77	\$410.39	\$370.01	\$329.63	\$289.25	\$248.87	\$208.49	\$168.11	\$127.73	\$87.35
Kaiser Foundation	Trad Copay 50/50 \$30 Copay, \$2000 Ded, \$6350 OOP	Silver	\$322.48	\$291.27	\$260.06	\$228.85	\$197.64	\$166.43	\$135.22	\$104.01	\$72.80	\$41.59	\$10.38
	KP CO Silver 1200/35/Dental	Silver	\$314.64	\$354.73	\$394.82	\$434.91	\$475.00	\$515.09	\$555.18	\$595.27	\$635.36	\$675.45	\$715.54
	KP CO Silver HRA 700 \$500/50/HSA/Dental	Silver	\$279.25	\$307.17	\$335.09	\$363.01	\$390.93	\$418.85	\$446.77	\$474.69	\$502.61	\$530.53	\$558.45
Kaiser Permanente	KP CO Silver PPO 1500/40	Silver	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03	\$535.03
Rocky Mountain HCO	Rocky Mountain Summit PPO Silver - Deductible \$1500/70%/Copay \$35	Silver	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53	\$466.53
	Rocky Mountain Summit PPO Silver - Deductible \$1500/70%/Copay \$35 (w/Child Dental)	Silver	\$473.26	\$466.67	\$460.08	\$453.49	\$446.90	\$440.31	\$433.72	\$427.13	\$420.54	\$413.95	\$407.36
	Rocky Mountain Summit PPO Silver - Deductible \$2000/70%/Copay \$40	Silver	\$459.13	\$355.73	\$401.23	\$500.50	\$599.77	\$699.04	\$798.31	\$897.58	\$996.85	\$1096.12	\$1195.39
	Rocky Mountain Summit PPO Silver - Deductible \$2000/70%/Copay \$40 (w/Child Dental)	Silver	\$466.53	\$361.46	\$407.69	\$508.57	\$609.45	\$710.33	\$811.21	\$912.09	\$1012.97	\$1113.85	\$1214.73
	Rocky Mountain Summit PPO Silver - Deductible \$2000/70%/Copay \$45	Silver	\$456.45	\$353.65	\$398.88	\$497.58	\$596.28	\$694.98	\$793.68	\$892.38	\$991.08	\$1089.78	\$1188.48
	Rocky Mountain Summit PPO Silver - Deductible \$2000/70%/Copay \$45 (w/Child Dental)	Silver	\$463.17	\$358.85	\$404.76	\$504.90	\$605.04	\$705.18	\$805.32	\$905.46	\$1005.60	\$1105.74	\$1205.88
Rocky Mountain HMO	Colorado Springs Health Partners HMO Silver - Deductible \$1500/70%/Copay \$35	Silver	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95	\$333.95
	Colorado Springs Health Partners HMO Silver - Deductible \$1500/70%/Copay \$35 (w/Child Dental)	Silver	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64	\$339.64
	Colorado Springs Health Partners HMO Silver - Deductible \$2000/70%/Copay \$45	Silver	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20	\$326.20
	Colorado Springs Health Partners HMO Silver - Deductible \$2000/70%/Copay \$45 (w/Child Dental)	Silver	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37	\$331.37
	New West Focus HMO Silver - Deductible \$1500/70%/Copay \$35	Silver	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84	\$356.84
	New West Focus HMO Silver - Deductible \$1500/70%/Copay \$35 (w/Child Dental)	Silver	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26	\$363.26
	New West Focus HMO Silver - Deductible \$2000/70%/Copay \$45	Silver	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68	\$348.68
	New West Focus HMO Silver - Deductible \$2000/70%/Copay \$45 (w/Child Dental)	Silver	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50	\$354.50
	Rocky Mountain Summit HMO Silver - Deductible \$1500/70%/Copay \$35	Silver	\$453.72	\$351.53	\$396.49	\$494.59	\$592.69	\$690.79	\$788.89	\$886.99	\$985.09	\$1083.19	\$1181.29
	Rocky Mountain Summit HMO Silver - Deductible \$1500/70%/Copay \$35 (w/Child Dental)	Silver	\$461.73	\$357.72	\$403.49	\$503.31	\$603.13	\$702.95	\$802.77	\$902.59	\$1002.41	\$1102.23	\$1202.05
	Rocky Mountain Summit HMO Silver - Deductible \$2000/70%/Copay \$40	Silver	\$450.38	\$348.95	\$393.57	\$490.96	\$588.35	\$685.74	\$783.13	\$880.52	\$977.91	\$1075.30	\$1172.69
	Rocky Mountain Summit HMO Silver - Deductible \$2000/70%/Copay \$40 (w/Child Dental)	Silver	\$446.38	\$345.84	\$390.07	\$486.59	\$583.11	\$679.63	\$776.15	\$872.67	\$969.19	\$1065.71	\$1162.23
	Rocky Mountain Summit HMO Silver - Deductible \$2000/70%/Copay \$40 (w/Child Dental)	Silver	\$453.72	\$351.53	\$396.49	\$494.59	\$592.69	\$690.79	\$788.89	\$886.99	\$985.09	\$1083.19	\$1181.29
	Rocky Mountain Summit HMO Silver - Deductible \$2000/70%/Copay \$45	Silver	\$443.04	\$343.26	\$387.16	\$482.96	\$578.76	\$674.56	\$770.36	\$866.16	\$961.96	\$1057.76	\$1153.56
Rocky Mountain Hospital and Medical Services	Anthem Essential Direct Access Plus gnda	Silver	\$318.94	\$316.31	\$340.24	\$370.86	\$399.58	\$428.30	\$457.02	\$485.74	\$514.46	\$543.18	\$571.90
	Anthem Essential Direct Access Plus gnda	Silver	\$351.42	\$339.03	\$363.60	\$408.65	\$434.19	\$459.73	\$485.27	\$510.81	\$536.35	\$561.89	\$587.43
	Anthem Essential Direct Access w/HSA gnda	Silver	\$398.74	\$395.44	\$425.37	\$483.66	\$514.55	\$545.44	\$576.33	\$607.22	\$638.11	\$669.00	\$700.00
	Anthem Silver Direct Access Plus gnda	Silver	\$352.54	\$340.09	\$365.75	\$409.94	\$435.36	\$460.78	\$486.20	\$511.62	\$537.04	\$562.46	\$587.88
SeeChange Insurance Company	Silver Reward 80 Copay	Silver	\$354.93	\$379.24	\$405.17	\$450.95	\$441.63	\$506.46	\$346.42	\$506.46	\$583.44	\$660.42	\$737.40
	Silver Reward HSA	Silver	\$348.86	\$372.75	\$398.24	\$443.24	\$434.08	\$497.80	\$340.50	\$497.80	\$574.78	\$651.76	\$728.74
UnitedHealthcare Insurance Company	W/9	Silver	\$487.33	\$457.19	\$465.00	\$587.26	\$588.39	\$710.65	\$458.39	\$625.80	\$703.21	\$780.62	\$858.03
	KR8	Silver	\$441.24	\$413.94	\$421.01	\$540.77	\$514.62	\$519.51	\$415.03	\$566.61	\$601.44	\$636.27	\$671.10
	XE3	Silver	\$412.34	\$386.83	\$393.44	\$505.35	\$480.92	\$485.49	\$387.85	\$529.50	\$562.06	\$594.62	\$627.18

