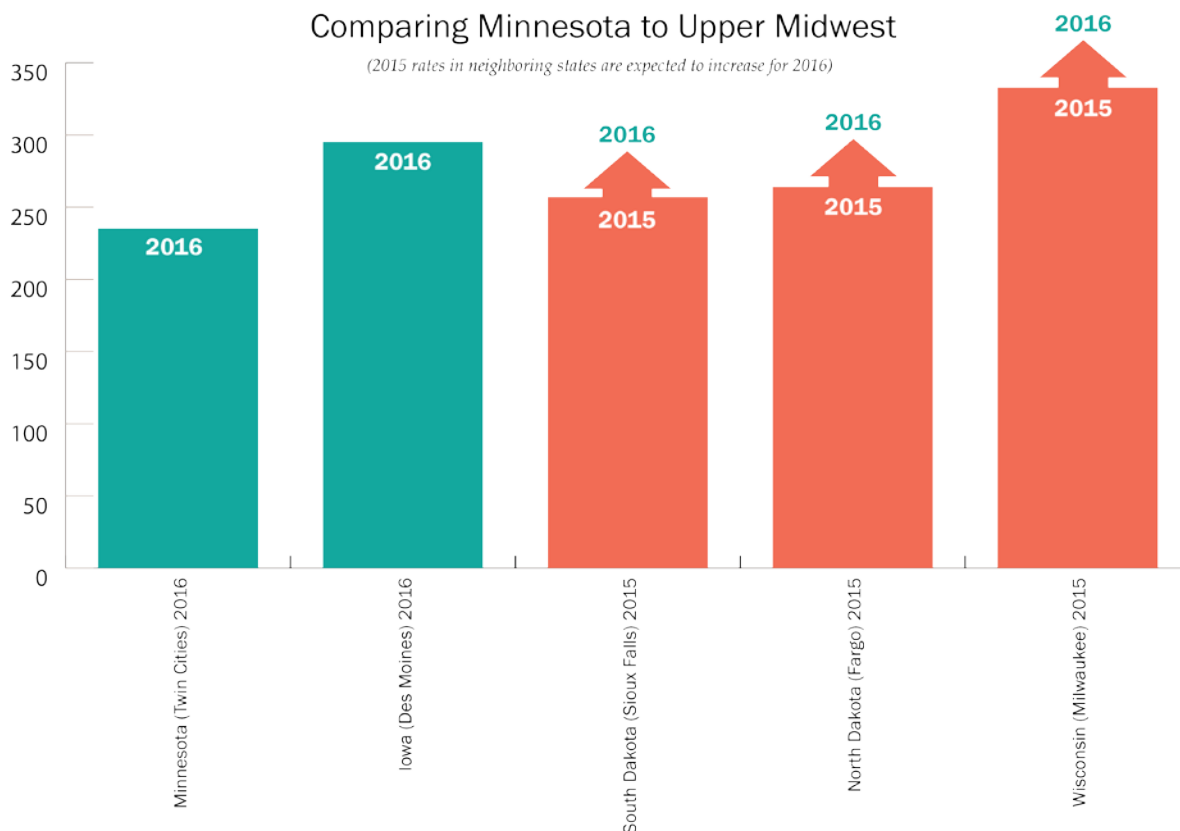


On behalf of Minnesota consumers, the Minnesota Department of Commerce thoroughly reviews proposed health insurance rates and plans submitted by insurance companies to ensure that the rates are justified and the policies comply with state and federal law.

The Department has completed its review for 2016 individual and small group health insurance policies that will be available during the open enrollment period from November 1, 2015, through January 31, 2016. (The individual market rates do not apply to most Minnesotans, who receive their health coverage either through their employer or through public programs like Medicare, Medicaid and MinnesotaCare.)

As of September 30, many states had not yet released their final 2016 rates for the individual market. However, based on states' 2015 rates and substantial proposed increases for 2016, Minnesota's rates are expected to remain the lowest in the Upper Midwest – and among the lowest in the nation.

Minnesota Rates Will Stay Lowest in Upper Midwest

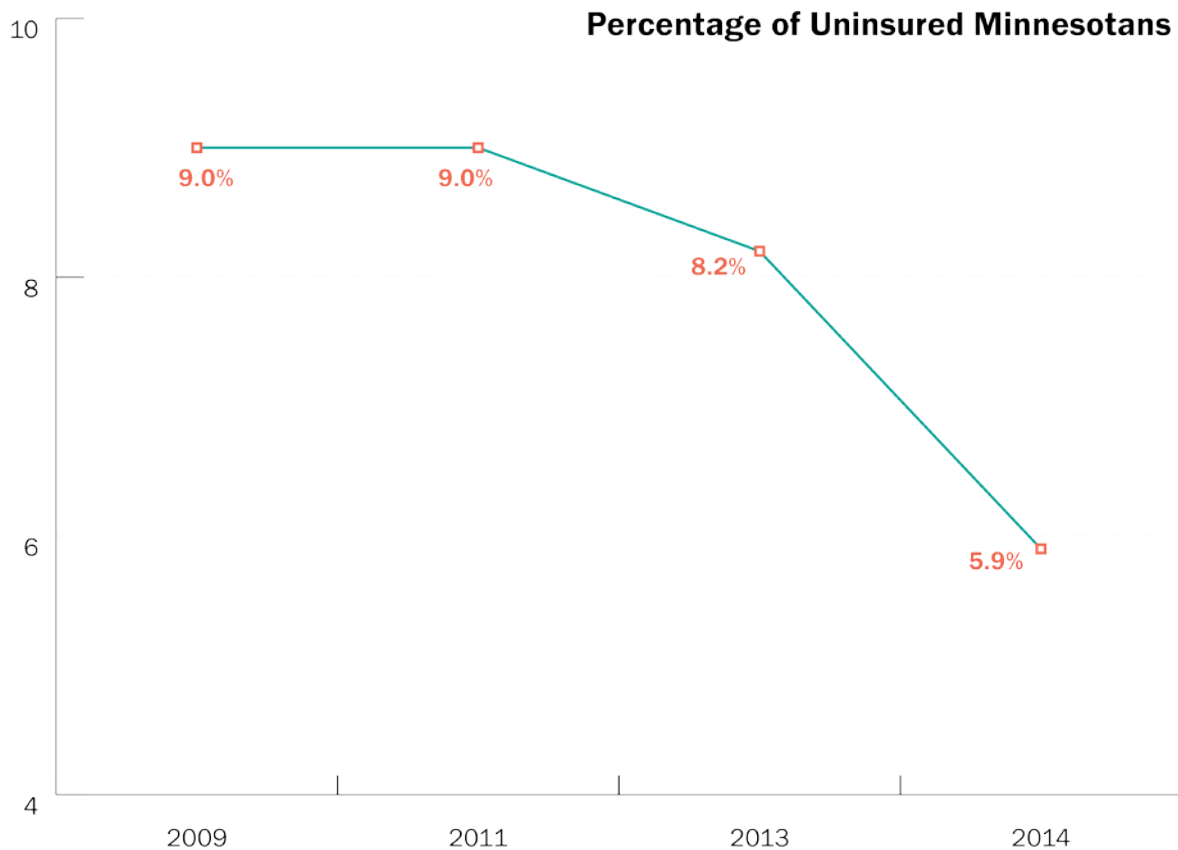


* Sources: Kaiser Family Foundation- "Analysis of 2015 Premium Changes in the Affordable Care Act's Health Insurance Marketplaces" Jan 06, 2015

Minnesota's Health Insurance Landscape

The percentage of Minnesotans without health insurance coverage has reached an all-time historic low level of 5.9 percent – significantly below the national uninsured rate of 10.4 percent. Minnesota's uninsured population has declined dramatically in recent years, with many more Minnesotans having vital access to the benefits and security of health coverage.

Minnesota's Uninsured Rate Is at an All-Time Low



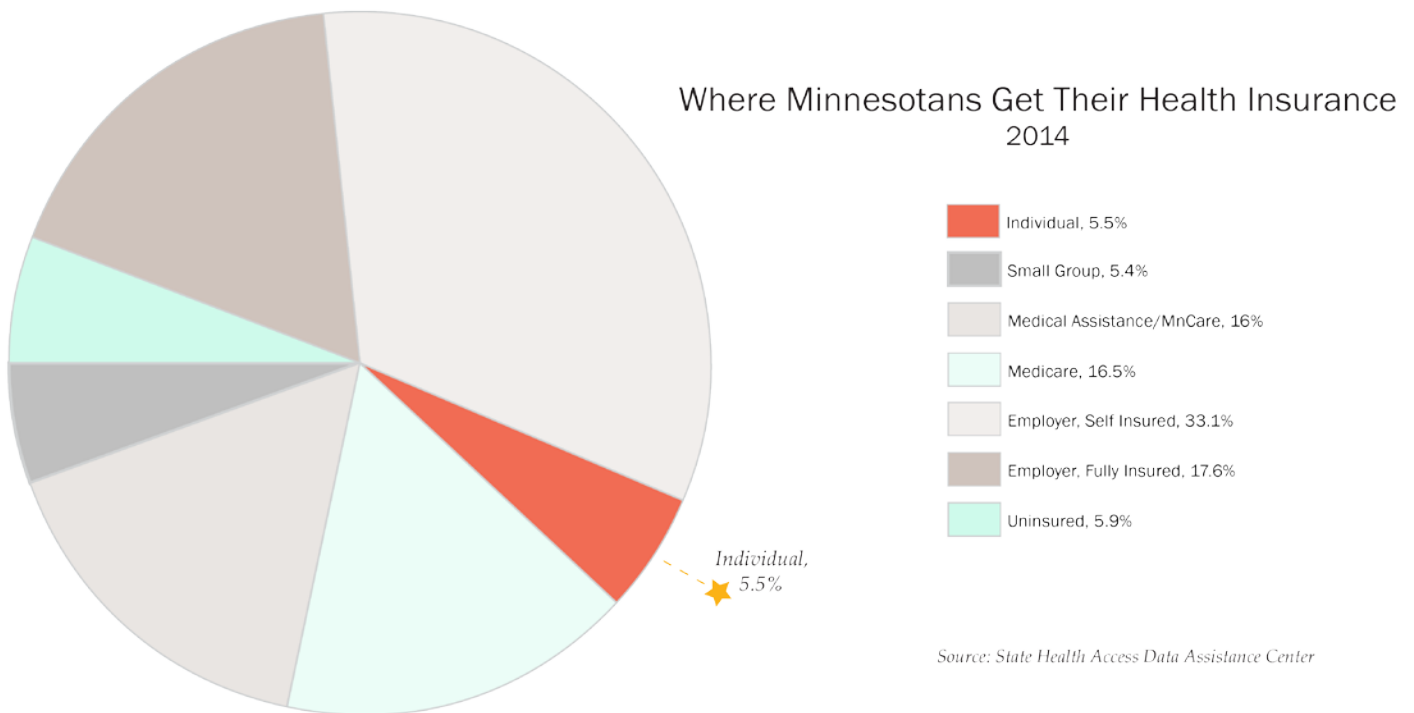
Source: Minnesota Department of Health, State Health Access Data Assistance Center (SHADAC), University of Minnesota

Most Minnesotans continue to receive their health insurance coverage through employer-based plans. These include plans that an employer purchases from an insurance company to cover employees. They also include plans that are self-funded – generally, a large employer that accepts direct financial liability for the costs of claims (though enrollment, claims processing and other operations may still be administered by an insurance company).

Many other Minnesotans receive their coverage through public programs such as Medicare, Medicaid and MinnesotaCare.

- Medicare is the federal health insurance program for people who are 65 or older, as well as for certain younger people with disabilities and people with End-Stage Renal Disease.
- Medicaid (known in Minnesota as Medical Assistance) is a joint federal-state program that helps with medical costs for people with low incomes.
- MinnesotaCare is a subsidized premium-based program for lower-income Minnesotans who do not qualify for Medicaid and do not have access to affordable insurance coverage.

Fewer than six percent of all Minnesotans purchase their health insurance on the individual market – either through MNsure or directly from insurance companies or broker/agents. Many people who buy their individual health plans through MNsure also qualify for federal financial assistance that lowers their monthly premiums and helps offset the impact of rate increases.



Small Group Market

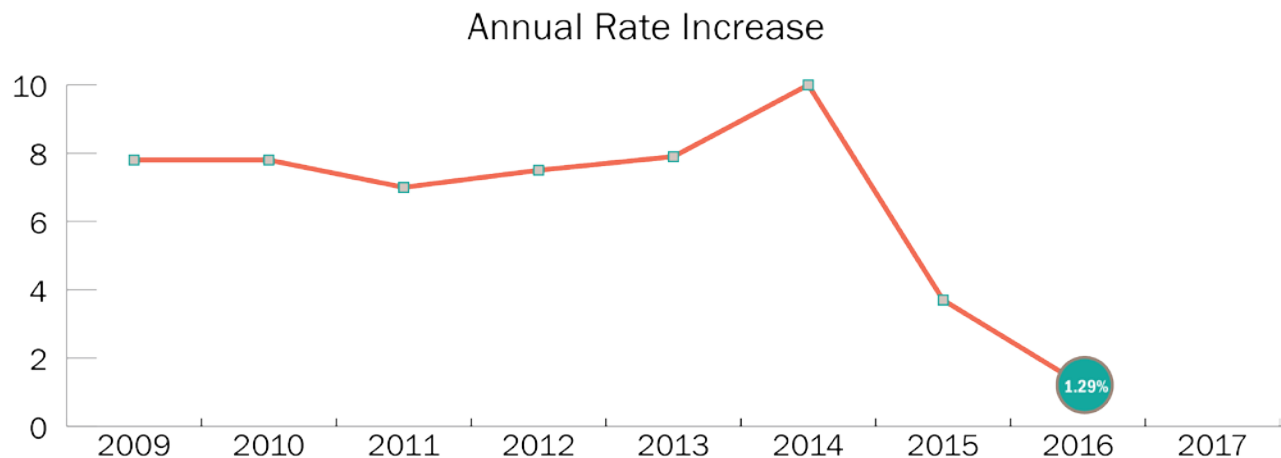
Small group health plans are designed to provide coverage for businesses with two to 100 full-time employees. They are sold both through MNsure and directly by insurance companies and broker/agents. About 5.4 percent of all Minnesotans receive coverage through small group plans.

Ten companies are approved to sell small group health policies in Minnesota in 2016:

- Blue Cross and Blue Shield of Minnesota
- Blue Plus
- Federated Mutual Insurance Company
- Gundersen Health Plan Minnesota
- HealthPartners Inc.
- HealthPartners Insurance Company
- Medica Insurance Company
- PreferredOne Community Health Plan
- PreferredOne Insurance Company
- Sanford Health Plan

The final rate changes for 2016 plans offered by companies in Minnesota's small group market range from a decrease of 12.6 percent to an increase of 5.6 percent. On average, Minnesota's small group rates in 2016 will be only 1.29 percent higher than in 2015. Each insurance company's final average rate change is listed in the table on page 5.

Small Group Rate Increases Continue to Decline



The small group rate increases for 2016 continue a recent trend in which these rates are increasing much more slowly compared to several years ago, when they were growing at 7-10 percent annually. As a result, small businesses in Minnesota are experiencing price consistency in their employee health coverage that allows for improved year-to-year business planning and financial stability.

Minnesota Small Group Health Insurance Policies 2016 Average Rate Changes

Company Name	
Blue Cross and Blue Shield of Minnesota	-4.8%
Blue Plus	+1.4%
Federated Mutual Insurance Company	-12.6%
Gundersen Health Plan Minnesota	+5.0%
HealthPartners, Inc.	+5.2%
HealthPartners Insurance Company	+5.6%
Medica Insurance Company	+4.5%
PreferredOne Community Health Plan	+3.0%
PreferredOne Insurance Company	+5.0%
Sanford Health Plan	-3.4%

Individual Market

The individual market for health insurance is available for Minnesotans who do not have access to employer-based coverage and are not eligible for coverage through public programs like Medicare, Medicaid and MinnesotaCare. (When applying to purchase an insurance policy through MNsure, eligibility for Medicaid or MinnesotaCare is automatically determined.) About 5.5 percent of all Minnesotans purchase their health insurance on the individual market.

Eight companies are approved to sell health insurance plans to Minnesotans in 2016 in the individual market.

- Blue Cross and Blue Shield of Minnesota
- Blue Plus

- Group Health, Inc.
- HealthPartners Insurance Company
- Medica Health Plans of Wisconsin
- Medica Insurance Company
- PreferredOne Insurance Company
- UCare

Consumers will be able to purchase individual market insurance plans either through MNsure or directly from the insurance companies or insurance broker/agents.

The final rate increases for 2016 plans offered by companies in Minnesota's individual market range from 14 percent to 49 percent. Each insurance company's final average rate increase is listed in the table on page 7.

Many Minnesotans who purchase individual policies through MNsure will be eligible for federal tax credits that will lower their monthly premiums and help offset the impact of rate increases. Eligibility for the tax credits is automatically determined when applying to purchase a plan through MNsure.

Some key factors that insurance companies cite for their rate increases in Minnesota's individual market include:

- A higher percentage of less healthy, more costly enrollees than expected entered the individual market.
- Insurers incurred significantly higher claims than expected for medical care and prescription drugs, especially high-cost specialty drugs.
- Minnesota has a relatively small individual market compared to other states, resulting in a smaller risk pool across which insurers can spread their costs.

In 2014 and so far in 2015, Minnesota insurers in the individual market have paid more in claims than they have received in income from premiums. Although insurance companies are not permitted to charge rates in 2016 to recover costs from previous years, their prior claims experience in the individual market informs their expectations of what costs they may incur in 2016.

Minnesota Individual Health Insurance Policies 2016 Average Rate Changes

Company Name	Final Average Rate Change
Blue Cross and Blue Shield of Minnesota	+49.0%
Blue Plus	+45.0%
Group Health, Inc.	+31.3%
HealthPartners Insurance Company	+32.2%
Medica Health Plans of Wisconsin	+14.2%
Medica Insurance Company	+15.6%
PreferredOne Insurance Company	+39.0%
UCare	+27.3%

Essential Health Benefits - Comprehensive Coverage for All

Starting in 2014, the Affordable Care Act requires that all health plans offered in the individual and small group markets provide a comprehensive package of items and services, known as “essential health benefits.” No matter what plan you choose, you will have standardized coverage for these essential health benefits - with no dollar limits on the coverage.

The essential health benefits are designed to protect consumers and provide a basic level of coverage in 10 categories of benefits:

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices ((services and devices to help people with injuries, disabilities or chronic conditions gain or recover mental and physical skills)
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric dental and vision services

Metal Levels – A Consumer-Friendly Way to Compare Plans

Minnesota consumers have the option to choose from four categories of health insurance plans in the individual market. These are known as “metal levels” – bronze, silver, gold and platinum.

The difference in the metal levels is the percentage of average overall costs paid by the insurance company versus the consumer. If you choose a plan at a higher metal level, you will pay a higher monthly premium – but a lower out-of-pocket amount in deductibles and copayments.

Bronze – the plan covers 60% of expected costs

Silver – the plan covers 70% of expected costs

Gold – the plan covers 80% of expected costs

Platinum – the plan covers 90% of expected costs

Lowest Monthly Premiums

To provide an example of premium costs in 2016, the table below shows the lowest monthly base rates among the individual market plans that will be available in the Minneapolis/St. Paul Metro Area.

2016 Lowest Monthly Premium Rates Twin Cities Metro

	25 Year-Old	40 Year-Old	60 Year-Old
Bronze	\$139.67	\$177.79	\$377.56
Silver	\$178.80	\$227.60	\$483.34
Gold	\$222.19	\$282.82	\$600.61
Platinum	\$280.34	\$403.19	\$832.55

Listed rates do not include premium reductions from federal financial assistance available through MNsure.

For many consumers, actual monthly premium costs will be lower than these listed rates because federal financial assistance is available for individual plans purchased through MNsure. In some cases, federal financial assistance is also available to lower out-of-pocket costs such as deductibles and copayments. When applying to purchase a plan through MNsure, eligibility for this financial assistance is automatically determined.

Consumer Choices Throughout Minnesota

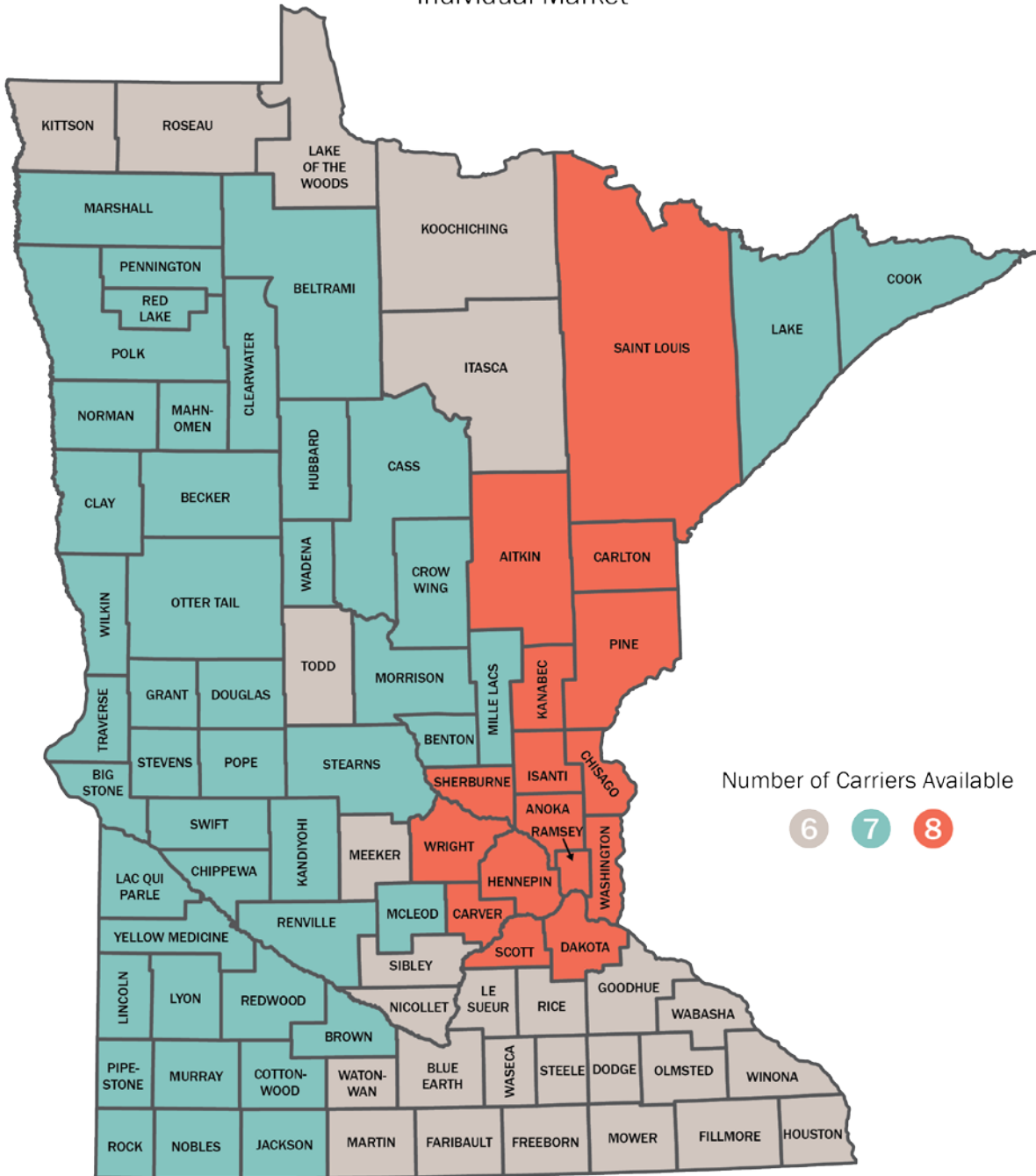
To secure the best value for their health care needs, Minnesota consumers are urged to shop around. The individual health insurance market in 2016 will feature a wide range of choices among insurance companies and products. Also, the lowest-cost plans in 2016 for consumers may no longer be what the lowest-cost plans were for them in 2015. It is important to do comparison shopping.

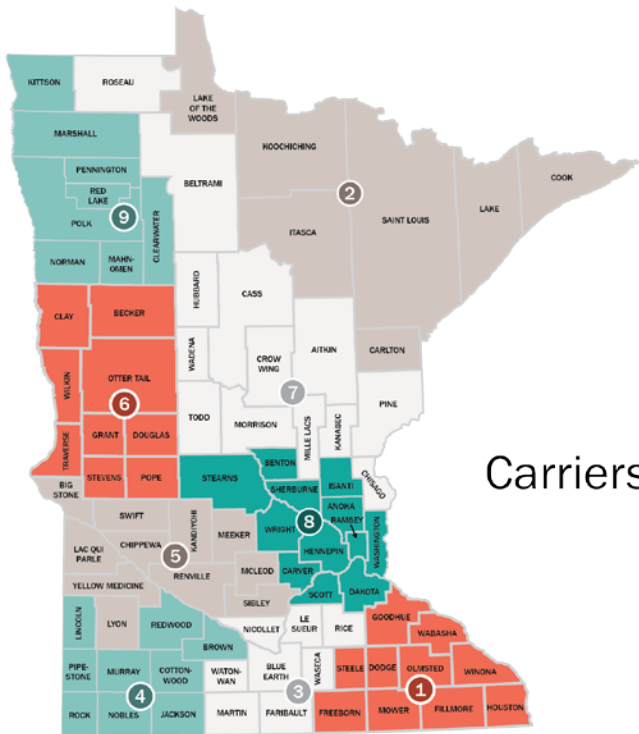
Eight insurers will compete for Minnesota consumers in the individual market, offering a total of 379 plans. Maps on pages 9 and 10 show the number of insurance companies serving each county, as well as the specific insurance companies and total number of plans available in each rating area of the state.

While insurers can compete against one another, all must provide coverage for the comprehensive set of “essential health benefits” required by law. Insurers are also no longer allowed to deny coverage or charge higher premiums to consumers based on pre-existing health conditions.

Health Insurance Companies Across Minnesota

Individual Market





Carriers Available in Your Area Individual Market

Rating Area	Number of Plans	Names of Available Carriers
1	175	Blue Cross Blue Shield, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One
2	193	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One, Ucare
3	193	Blue Cross Blue Shield, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One
4	197	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One
5	197	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One
6	201	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One
7	239	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One, Ucare
8	261	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One,
9	200	Blue Cross Blue Shield, Group Health, Health Partners, Blue Plus, Medica of Wisconsin (partial counties), Medica Insurance Co, Preferred One

Minnesota's Effective Rate Review Process

A longtime national leader in insurance rate review, the Minnesota Commerce Department has a federally-certified "effective rate review program" with a team of actuaries and experts who closely scrutinize the assumptions and information used by health insurers to develop their rates. Public health and regulatory experts also review the insurance company filings to ensure the adequacy of provider networks and compliance with state and federal laws that protect consumers, such as coverage of pre-existing health conditions and free preventive care.

On behalf of Minnesota consumers, the Commerce Department conducts a careful, detailed review of each insurance proposal to ensure that rates are justified. Rates must be justified both in terms of the value of the benefits that consumers receive for their premiums and in terms of the insurance company's ability to pay expected medical claims costs and fulfill its obligations to the consumers who purchase the company's plan. By law, rates can be neither excessive (with premium costs exceeding the value of benefits) nor inadequate (with premium income that is insufficient to cover the cost of medical claims).

For the first time this year, Minnesotans had the opportunity to see information in advance about the rates being proposed by the insurance companies. And for the first time, Minnesotans had the opportunity to participate in the rate review process by submitting public comments to the Commerce Department. Both were significant steps forward in public transparency and participation.

Need for Reform

The substantial insurance company rate increases in Minnesota's 2016 individual market indicate the need for reform, including new state-level tools to hold down future rates. Possible options include:

- A new reinsurance-type program for the individual market that provides a backstop, spreading the risk so insurers do not have to raise rates to cover large claims costs.
- Risk adjustment mechanisms that spread the financial risk that insurers bear when they have more high-cost enrollees.
- Policies to foster greater price transparency and cost competition among insurers and health care providers.
- Closer monitoring of insurance company financial reserves and profits, with the possibility of establishing maximum thresholds, or "caps," to prevent excessive reserves.

Frequently Asked Questions - Health Insurance Rate Review

What are the Nine Rating Areas?

Area 1

Dodge
Fillmore
Freeborn
Goodhue
Houston
Mower
Olmsted
Steele
Wabasha
Winona

Area 2

Carlton
Cook
Itasca
Koochiching
Lake
Lake of the Woods
St. Louis

Area 3

Blue Earth
Faribault
Waseca
Le Sueur
Martin
Nicollet
Rice
Watonwan

Area 4

Brown
Cottonwood
Jackson

Lincoln
Murray
Nobles
Pipestone
Redwood
Rock

Area 5

Big Stone
Chippewa
Kandiyohi
Lac Qui Parle
Lyon
McLeod
Meeker
Renville
Sibley
Swift
Yellow Medicine

Area 6

Becker
Clay
Douglas
Grant
Otter Tail
Pope
Stevens
Traverse
Wilkin

Area 7

Aitkin
Beltrami
Cass

Chisago
Crow Wing
Hubbard
Isanti
Kanabec
Mille Lacs
Morrison
Pine
Roseau
Todd
Wadena

Area 8

Anoka
Benton
Carver
Dakota
Hennepin
Ramsey
Scott
Sherburne
Stearns
Washington
Wright

Area 9

Clearwater
Kittson
Mahnommen
Marshall
Norman
Pennington
Polk
Red Lake

What is an "effective" rate review program?

- Minnesota has been designated by the federal government as a state with an effective rate review program. This means that all proposed rate increases are scrutinized by expert actuaries in the public interest to make sure the rates requested are justified.
- The rate review evaluates whether proposed rates provide reasonable value for the benefits that consumers receive for their premiums. It also evaluates whether insurance companies will be able to pay the expected medical claims costs and fulfill their financial obligations to the consumers who purchase their policies.

How does an "effective" rate review system operate?

- Under federal requirements, an effective rate review system must do the following:
 - Receive sufficient data and documentation concerning rate increases to conduct an examination of reasonableness of the proposed increases.
 - Consider the factors below as they apply to the rates:
 - Medical cost trend changes by major service categories
 - Changes in utilization of services (i.e., hospital care, pharmaceuticals, doctors' office visits) by major service categories
 - Cost-sharing changes by major service categories
 - Changes in benefits
 - Changes in enrollee risk profile
 - Impact of over- or under-estimate of medical trend in previous years on the current rate
 - Reserve needs
 - Administrative costs related to programs that improve health care quality
 - Other administrative costs related to programs that improve health care quality
 - Other administrative costs
 - Applicable taxes and licensing or regulatory fees
 - Medical loss ratio
 - The impacts of geographic factors and variations
 - The impact of changes within a single risk pool to all products or plans within the risk pool; and
 - The impact of reinsurance and risk adjustment payments and charges under sections 1341 and 1343 of the Affordable Care Act.
 - Make a determination of reasonableness of the rate increase under a standard set forth in state statute or regulation.

- Post any rate filings that increase rates 10% or more on their websites or post a link to the preliminary justifications that appear on the federal RateReview.Healthcare.gov website.
- Provide a mechanism for receiving public comments on proposed rate increases.
- Report results of rate review to CMS for rate increases subject to review.

What was the timeline for reviewing 2016 proposed rates?

- May 18, 2015
 - Minnesota insurance companies submit their health plans and proposed rate increases for review by the Minnesota Commerce Department.
- Early June 2015
 - Plans with proposed rate increases of 10 percent or more become public on the federal RateReview.Healthcare.gov website. The posted information submitted by insurance companies includes plan summaries and justifications for the proposed rate increases.
- June-July 2015
 - Minnesotans have the opportunity to submit public comments to the Commerce Department on the insurance company plans and proposed rates.
- June-September 2015
 - Rate review team conducts rigorous and thorough review of insurance company filings.
- October 1, 2015
 - Approved plans and final rates are announced by the Commerce Department.
- November 1, 2015 – January 31, 2016
 - Open enrollment period for Minnesotans to purchase 2016 health insurance plans on the individual market, either through MNsure or directly from insurance companies or broker/agents.

Who reviews the rates?

- Health insurance rates are reviewed by the experts in the actuarial unit at the Minnesota Department of Commerce. The Commerce Department also reviews the rates submitted by Health Maintenance Organizations (HMOs) under an interagency agreement with the Department of Health.

Must health insurance companies submit rate filings each year?

- Health insurance companies need to submit rate filings for new plans and if they are requesting change in rates for an existing plan.

What plans are reviewed?

- All health insurance rates must be approved by the Minnesota Department of Commerce or the Minnesota Department of Health prior to becoming effective, as required in Minnesota Statute section 62A.02.
- Self-insured health plans (generally provided by larger employers) are not regulated by the state.

Are any health plan rates not subject to review?

- Rates that stay the same from year-to-year are not generally subject to review if the health insurance plan has not changed. Any rates that have increased or are new must be approved by the Department of Commerce or Department of Health.

How does rate review affect my premium?

- The terms “rate” and “premium” are often used interchangeably when discussing insurance. However, those terms represent two different things.
 - Rate: A rate is the average that an insurance company charges for a defined package of health insurance plans. For example, the rate for your insurance might be \$300 per person per month.
 - Premium: The amount that you pay for health insurance. For example, if a plan covers five people at a rate of \$300 per person per month, the premium is \$1500 per month.

How often can premiums go up?

- In 2014 and later, rates for individual health plans will change once a year, on January 1. Rates for small employer group coverage can change on a quarterly basis.

What factors affect rates?

- Individual and small group rates are based on a particular plan of benefits with a particular network of doctors and hospitals based on the combined medical costs of everyone in that company’s market for a particular age, tobacco use and geographic area. This is called adjusted community rating – the rates are based on the costs of the entire community.

- The rising costs of medical care and prescription drugs affect rates. With community rating, your premium may go up even if you haven't received any medical services, if the average cost of services has increased.

What factors affect my premiums?

- In general, how much a health plan company charges depends on the following:
 - Your age and the age of any family members in your plan;
 - Whether or not each person 18 or older uses tobacco;
 - Where you live; and
 - The benefits and network of providers.
- Your premium cannot be based on whether you have a pre-existing health condition.

Why did my health insurance premiums go up when I didn't have any claims (didn't see a doctor, go to the hospital or get any prescriptions)?

- Your premium will not go up solely because you have claims, just as it will not go down solely because you do not have claims.
- Insurance is a pooling of risks, so individuals pay a share of the pooled experience in exchange for not assuming the full risk of their own medical costs.
- If you have an individual or small group policy, your premium is based on the claims of everyone in your market. If you have coverage under a large employer health plan, your premium is based in part on the claims of everyone in the group.

How do insurance companies develop rates?

- Companies develop rates using estimates of future claim costs, administrative expenses and how much reserves they need to hold. Rates cannot be based on recovering financial losses from previous years.
- Claim costs: The amount a company expects to pay for health care services and goods, such as physician services, hospital fees and prescription drugs, on behalf of all policyholders with similar policies.
- Administrative expenses: The cost of running a health plan. These costs can include:
 - salaries of employees;
 - costs to maintain computer systems to pay claims;
 - costs to manage the provider network (for example, signing up doctors, hospitals and pharmacies);

- commissions for agents and brokers (called “producers”);
 - rent;
 - taxes, fees, and assessments that health plans pay to the State or federal government; and
 - other costs to administer the policy (for example, fraud detection and prevention activities).
- Contribution to reserves: Money that an insurance company has left after paying for claims and administrative expenses. The reserves are needed to pay for claims and administrative expenses in years when the plans do not collect enough premiums to cover those costs.

What do you consider when reviewing a rate request?

- All health plan rate filings must meet these criteria:
 - Anticipated loss ratio meets the state's minimum of 71% to 82%;
 - Rates are sufficient to cover expected claims and expenses;
 - Rates provide a reasonable value to the insured; and
 - The filing is complete, correct, and understandable
- In order to demonstrate that the above criteria are met, the filing must include at least the following information:
 - Historical information, such as when issued, any changes in benefits, rates, or profitability;
 - Historical experience including premiums, claims and enrollment;
 - Statistical reliability of historical experience;
 - Assumptions used in projecting the future loss ratio– anticipated changes in claim cost per person and enrollment. The reasons for a rate increase, such as benefit changes, population changes, tax and fee changes.

How does the Commerce Department decide whether to approve or object to a requested rate change?

- Approved- If the filing is clear and justifies the filed rates, the filing is approved and the company is notified that the rates may be used.
- Objection- If the information in the filing is not clear or does not justify the filed rates or rate increase, the Department of Commerce sends an objection letter to the filing company.
- This objection must be sent within 60 days of when the Commerce Department receives the filing. If no objections are sent within 60 days the rates are “deemed” approved, which means the company can go ahead and use them.
 - The filing company then has 30 days to provide a complete filing, or the filing may be closed without approval.

- If the filing company fails to justify the filing within the 30 days or any longer period approved by Minnesota Department of Commerce, the filing is permanently closed.
- After the filing is closed, the company can make another rate filing.

Do rate changes always get approved?

- No. A decision is made for each filing as to whether the rate is approved or not approved.

What if the insurance company disagrees with the decision?

- The company can request a hearing, and have a judge decide whether the Department's decision not to approve a filing was reasonable or unreasonable.

What is the public's role in the rate review process?

- For the first time this year, the Minnesota public had access to information submitted by insurance companies for their plans with proposed rate increases of 10 percent or more. This information was posted on the federal RateReview.Healthcare.gov website in early June 2015. Minnesotans also had the opportunity to submit comments to the Commerce Department about the rate proposals.

Who can I contact if I have questions about the rate review process?

- You can call the Department of Commerce at 651-539-1600 or 800-657-3602 (Greater Minnesota)