

NOTICE OF PROPOSED BASE PREMIUM RATE INCREASE
AND PUBLIC HEARING

<<Proj ID>>WID: <<WID #>>

<<FIRST>> <<MI>> <<LAST>>

<<ADDRESS>>

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<<CITY>>, <<ST>> <<ZIP>>

Dear <<FIRST>> <<MI>> <<LAST>>,

Proposed Increase in Base Premium Rates

Wellmark Blue Cross and Blue Shield of Iowa has asked permission to increase its base premium rates by 42.6%. The base premium rate is the rate prior to adding individual rating factors, which are described in more detail below. The Iowa Insurance Commissioner will deny, approve, or negotiate a lower rate increase. If approved or a lower rate increase is negotiated, the increase would be effective for the period from Jan. 1, 2017 to Dec. 31, 2017.

Wellmark has asked for a base rate increase because of higher costs by policyholders in your rating class. For detailed information on what is driving the increase, please visit Wellmark.com/Premiums.

The change reflected below is an average amount across your rating class and NOT specific to you. You will receive your specific premium amount in October.

Factor	Change From Current Premium	Portion of Base Premium Rate Increase
Medical Trend and Government Risk Sharing Program	\$192.45	42.4%
Government Fees*	- \$11.68	- 2.6%
Administrative Expenses	\$12.80	2.8%

*The federal government is not requiring the health insurer fee for 2017. This fee may be reinstated.

Definitions:

- Medical Trend and Government Risk Sharing Programs** captures the change in underlying cost and use of health care services. Costs generally go up every year based on the increase in cost and use of health care services, new technologies and drug therapies. This category also includes Government Risk Sharing Programs, such as the Federal Reinsurance Program (which helps stabilize the cost of premiums in the individual market for the first three years of the Affordable Care Act), as well as the Risk Adjustment Program (which transfers payments between health insurance carriers).
- Government Fees** includes the Patient-Centered Outcomes Research Institute (PCORI) fee. The PCORI fee helps fund research to determine the effectiveness of treatments. The research findings are used to assist in making informed health decisions, which will lead to a better quality of care. The health insurer fee was removed for 2017, but may be reinstated. The health insurer fee is a tax that helps fund the Affordable Care Act.
- Administrative Expenses** reflect the change in the costs to administer health benefits for members. This includes claims processing, customer service, provider contracting, network access, government compliance, agent commissions and risk margin.

Individual Rating Factors Also Affect Your Premium

Everyone in your rating class pays the same base rate as you. A higher base premium will affect your health insurance premium. Your health insurance premium may change even if the base premium rate does not change. This is because Wellmark also uses individual rating factors to set your total premium rate. Wellmark uses the following individual factors:

- differences in coverage and benefits, including how much of the health care costs you pay through deductibles, coinsurance and copayments;
- how many family members the policy covers, their ages;
- changes in geographic location;
- changes in tobacco use;
- changes in your health insurance plan;
- changes in network coverage or discounts.

(Over, please)

Your total premium rate may change because of rating characteristics even if the base rate does NOT change. The Commissioner does not review rate increases due to changes in rating characteristics.

You Have the Right to Make a Public Comment

The Iowa Insurance Commissioner will hold a public hearing at 10 a.m. on July 23, 2016, at the Mercy College of Health Sciences Sullivan Center, Room 210, 928 Sixth Ave., Des Moines, Iowa 50309. You may also attend and participate in the hearing by live video conferencing of the Des Moines event at any of the following locations:

Site	Address	City	ST	Zip	Building / Room Number
Atlantic Public Library	507 Poplar Street	Atlantic	IA	50022	ICN Room
Columbus Junction Public Library	232 2 nd Street	Columbus Junction	IA	52738	ICN Room
Eldora Public Library	1202 10 th Street	Eldora	IA	50627	ICN Room
Kirkwood Community College	6301 Kirkwood Boulevard SW	Cedar Rapids	IA	52406	Linn Hall, Room 2184
Spencer Public Library	21 East Third Street	Spencer	IA	51301	ICN Room
West Union Public Library	210 N Vine Street	West Union	IA	52175	Main library entrance, go to Heiserman annex.
If a building or ICN room is not accessible, or if there are technical problems, please call 800-572-3940.					

The purpose will be to hear public comments on the proposed increase in the base premium rate. You may make a statement at the public hearing. Any names, addresses, email addresses, and telephone numbers given will be public record.

You may also provide public comments to the Consumer Advocate:
Consumer Advocate
Iowa Insurance Division
Address: Two Ruan Bldg., Fourth Floor, 601 Locust Street, Des Moines, Iowa 50309
Telephone number: 515-281-5705
Iowa toll-free telephone number: 877-955-1212
Facsimile: 515-281-3059
E-mail: ConsumerAdvocate@iid.iowa.gov

All comments received will be public records. The Consumer Advocate will post the comments on the website (<http://iainsuranceca.wordpress.com/>). You also can access the site through the Consumer Advocate website (www.insuranceca.iowa.gov) or the Insurance Division’s website (www.iid.state.ia.us). The Consumer Advocate will present the public comments received at the hearing.

After all information is received, the Commissioner of Insurance will review the request to increase the base premium rate. The purpose will be to learn if Wellmark followed accepted industry standards to calculate the proposed increase. The Commissioner also will hire an independent consultant to review the proposed base premium rate increase, before making a final decision.

Once the Commissioner makes a decision, Wellmark will send a notice to you about any change in your premium. Contact Wellmark at 800-819-0893 or your insurance agent if you have questions about your policy or your premium.