

Taro Health – Small Group
Rate Notice –20.0 percent increase
Decision – Under Review

Public Comment Period: August 10, 2023 deadline

On June 16, 2023 Taro Health, filed a request to raise rates an average of 20.0 percent for small group Affordable Care Act (ACA) health plans ranging from 17.6% to 20.7% depending on the plan.

These plans currently cover approximately 33 insured lives. In developing the rate, Taro anticipates that the increasing costs of medical services and the demand for those services will have an impact on the premiums of approximately an annual trend rate of 5.5% from 2021 to 2022 and from 2022 to 2023 and 7.5% from 2023 to 2024.

The rates for these products are being adjusted for the reasons outlined below:

- **Benefit Design Changes** were made to a number of cost-sharing parameters, including updating maximum out-of-pockets and deductibles according to Clear Choice limits. services are driven by technological advances, new specialty medications, and a variety of other factors.
- **Increasing Cost of Medical Services** – Annual increases in reimbursement rates to health care providers – such as hospitals, doctors and pharmaceutical companies.
- **Increased Utilization** – The number of office visits and other services continues to grow. In addition, total health care spending will vary by the intensity of care and/or use of different types of health services. Patients who are sicker generally have a higher intensity of health care utilization. The price of care can be affected by the use of expensive procedures such as surgery vs. simply monitoring or providing medications.
- **Higher Costs from Deductible Leveraging** – Healthcare costs continue to rise every year. If deductibles and copayments remain the same, a greater percentage of health care costs need to be covered by health insurance premiums each year.
- **Cost shifting from the public sector to the private sector** – Reimbursements from the Center for Medicare and Medicaid Services (CMS) to hospitals do not generally cover all the cost of care. The cost

difference is being shifted to private health plans. Hospitals typically make up this reimbursement shortfall by charging private health plans more.

- **Impact of New Technology** – Improvements to medical technology and clinical practice often result in the use of more expensive services, leading to increased health care spending and utilization.

If approved, the new rates would take effect January 1, 2024.