

ACA Rate Band Changes

Children & Teenagers "Sticker Shock"



Beginning January 1st 2018

As groups renew in 2018, they will be impacted by a significant change in premium calculations for those 21 and under.

The ACA (Affordable Care Act) requires all California plans in the small group (<101 employees) and individual plans to change the incremental variance between ages to calculate premiums. The ACA started with 45 distinct "member level" age bands in 2014 and that is now changing to 51 member level age bands. See examples below. There is now a single age band for children age 0 -14 instead of 0 - 20 and one-year age bands for individuals age 15 through age 20.

!! This change can range from 20% to 60% for those under age 21 at the 2018 plan year anniversary. In 2019 the changes should be similar to other age bands.

	<u>Age</u>	<u>Premium Ratio</u> <u>2017</u>	<u>Premium Ratio</u> <u>2018</u>	<u>Premium Ratio</u> <u>Increase</u>
Please note that the table shows only the age factor increase.	0-14	0.635	0.765	+ 20%
	15	0.635	0.833	+ 31%
It does not include any increase in the base premium rate	16	0.635	0.859	+ 35%
which typically increases each year due to medical cost inflation.	17	0.635	0.885	+ 39%
	18	0.635	0.913	+ 44%
This means the overall actual premium rate increases	19	0.635	0.941	+ 48%
will be greater than the age factors alone.	20	0.635	0.970	+ 53%
	21	1.000	1.000	No Change

Bottomline

The new HHS ACA mandated age slope factor will impact the rate for all members under age 21.

With respect to family members under age 21, the premiums for no more than three oldest (under 21) covered children must be taken into account in determining the family premium for those covering dependent children.