

Plan Management Navigator

Analytics for Health Plan Administration



Healthcare Analysts

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Please see page 3 for our invitation to participate in the 2024 or license the 2023 Sherlock Benchmarks.

TWENTY-NINTH ANNUAL HEALTH PLAN PRICING SURVEY SUMMARY

Health plans are expecting 2024 premiums to increase by 8.0% for Group fully-insured plans and by 6.1% for Individual plans. For Group plans, this growth is 0.7 percentage points higher than their expectations for 2023. For Individual plans, growth expectations are lower by 0.5 percentage points. Individual members include all who purchase insurance individually who are not eligible for Medicare or Medicaid.

After the effect of buy-downs, plans anticipate premium increases for Group plans of 7.3% and 5.3% for Individual plans. A buy-down is a change in a product's benefit design to secure a lower premium.

For plans participating in this survey, we infer their projected medical cost increases of 6.6% for Group plans and 7.0% for Individual plans. This is based on their anticipated MLR decrease for Groups of 1.1 percentage points and a increase of 0.8 percentage points for Individual plans. Similarly, we estimate an increase in consumer cost sharing of 9.2% for Group plans and 7.7% for Individuals.

There were 45 respondents to our survey. We estimate that the plans serve more than 36 million members. This is Sherlock Company's twenty-ninth consecutive annual survey of premium pricing trends. Additional information, including regional results for each of the metrics above, is included as an insert to our publication, PULSE. It is distributed free of charge to PULSE subscribers, to licensees of the *Sherlock Benchmarks* and to participants in the *Sherlock Benchmarks*. A subscription to PULSE costs \$420 and this insert alone costs \$200. Please contact us for additional information.

Background

The Twenty-Ninth Annual Health Plan Pricing Survey summarizes health plan price and cost trends, key drivers of health plan performance, and the costs of individual and employer-sponsored health benefit plans. Our analysis of the survey results is of the following :

- **Pure price increases for health plans for 2024.** This is *before* the effect of buy-downs, discussed below. This shows premium rate increases for group and individual commercial products.
- **Price increases *after* the effect of buy-downs.** For our purposes, a buy-down is a change in the product design to achieve a cost reduction. Often, buy-downs reflect the increase in the amount of health benefits that beneficiaries are expected to share in the overall cost. We refer to the percentage point differences between the rate increased before and after the effects of buy-downs as the "buy-down spread".

- **Percent increase in the amount of cost sharing by beneficiaries.** This is derived from the two metrics calculated above. Cost sharing includes the effects of all differences between pure price increases and price increases after buy-downs.
- **Change in medical loss ratio.** The medical loss ratio is calculated as health benefits divided by premiums after buy-downs.
- **Increase in health benefit costs, per employee.** This is *estimated* based upon the medical loss ratio and the premium rate increase, after buy-downs. We present this as after and before the effect of buy-downs.

Central tendencies of these metrics are calculated for each region and overall.

Survey Design

We received a total of 45 responses, with almost all responses including both individual and group premium rate increases. One reported only group projections. Collectively, we estimate that the plans serve more than 36 million members, more than 20% of all people served by commercial insurance.

The survey consisted of the questionnaire in the form of the card as shown below. It is succinct to enhance the probability of response. A two-page cover sheet included definitions to reduce the possibility of ambiguity. Responses were returned to us via email.

We have conducted this study for decades, beginning with our 2013 survey, reflecting premium rate increase projections for 2014. Our survey originally sought increases solely for the commercial insured group market.

Beginning in the 2015 survey, we sought information for the individual market similar to what we had gathered for the group market. The Affordable Care Act made this segment more prominent. In addition to the results of the individual market itself, the comparisons between the group and individual segments can also be informative.

<p>The 29th Annual Health Plan Pricing Survey</p> <p>SHERLOCK C O M P A N Y</p> <p>P.O. Box 444, Gwynedd Valley, PA 19437 (O) 215-628-2289 (F) 215-542-0690 asherlock@sherlockco.com</p>	<p>Optional Contact Information (Email required to receive results)</p> <p>Name _____ Title _____ Email _____ Health Plan _____ Address _____ City _____ State _____ Zip _____</p>												
<p>Survey - Only Group Elements are Required but Most Report Individual</p> <p>1. Before "Buydowns" what is your health plan's expected commercial premium rate increase for 2024? Group _____ % Individual _____ %</p> <p>2. After "Buydowns" what is your health plan's expected commercial premium rate increase for 2024? Group _____ % Individual _____ %</p> <p>3. By how much will your medical loss ratio <i>increase</i> or <i>decrease</i> in 2024?</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Group</th> <th colspan="2" style="text-align: center; border-bottom: 1px solid black;">Individual</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Change</th> <th style="text-align: center; border-bottom: 1px solid black;">Percentage Points</th> <th style="text-align: center; border-bottom: 1px solid black;">Change</th> <th style="text-align: center; border-bottom: 1px solid black;">Percentage Points</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">+ or -</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">+ or -</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p>4. Principal states in which your health plan operates _____</p>		Group		Individual		Change	Percentage Points	Change	Percentage Points	+ or -	_____	+ or -	_____
Group		Individual											
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Sherlock Benchmarks: Participation and Licensing

We recently published the 2023 *Sherlock Benchmarks* for universes of Blue Cross Blue Shield Plans, Independent/Provider-Sponsored plans, Medicare plans, and Medicaid plans, our 26th annual study. All data is for the 2022 calendar year and has been subject to careful validation both by us and by the plans themselves. Collectively, the 31 plans served 64 million Americans in comprehensive products. The range of membership was about 200,000 to more than five million.

Benchmarking Study for 2024. Your health plan is invited to participate in the 2024 cycle based on 2023 results. We are currently developing the 2024 panels. *You will be among good company.*

Licensing the Sherlock Benchmarks. For those that cannot participate, licensing is available. Please see the following link <https://sherlockco.com/sherlock-benchmarks/> for additional information on the *Sherlock Benchmarks*. The Reports shown on that page are also the Reports received by the participants.

Contact

Please do not hesitate to contact us with questions concerning this analysis, the *Sherlock Benchmarks* on which it is based, or your interest in licensing the 2023 edition or participating in the 2024 *Sherlock Benchmarks*. We can be reached at sherlock@sherlockco.com or (215) 628-2289.

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