

## **Molina Healthcare of South Carolina, Inc.**

### **Part II: Explanation of the Rate Increase Effective January 1, 2022**

Molina Healthcare of South Carolina, Inc. is a managed care organization that provides healthcare services for individuals eligible for Medicaid, Medicare, and Marketplace throughout the State of South Carolina. Molina Healthcare of South Carolina, Inc. is a licensed state health plan managed by its parent corporation, Molina Healthcare, Inc.

**1. Scope and range of the rate increase:** Molina's proposed rates represent an average rate increase of 3.3% for the 15,269 Molina members enrolled in continuing plans effective March 1, 2021. The proposed rate changes vary by metal tier. Members would receive premium increases ranging from -8.5% to 15.2% depending on their geographic location, metal tier, and age.

**2. Financial experience of the product:** Baseline claims experience was used from Molina's 2020 South Carolina Marketplace business. 2020 South Carolina premium of \$604.40 per member per month was received compared to allowed claims of \$361.26 per member per month and risk transfer payments of \$66.17 per member per month.

The proposed premium rates yield a medical loss ratio of 89.7%. The medical loss ratio represents the percentage of every premium dollar that Molina expects to spend on medical expenses and improving health care quality for our members. The projected medical loss ratio of 89.7% exceeds the Affordable Care Act minimum required loss ratio of 80.0%.

**3. Changes in Medical Service Costs:** Medical inflation related to the utilization and cost of covered services increased claims by 7.3%. Trend is the primary contributor to an increase in rates, but total administrative costs and risk adjustment payments are expected to be higher than the prior year's filing, contributing to the overall rate increase. Changes in provider contracting rates also contributes to the regional rate changes.

**4. Changes in benefits:** Molina is renewing all gold and silver plan offerings from 2021 and adding one new silver in 2022. Molina is not offering bronze plans for 2022. The impact on rates from benefit design changes for all renewal plans is minimal.

**5. Administrative costs and anticipated profits:** Total administrative expenses are expected to increase, contributing to an increase in rates of approximately 2.4%. Targeted profit margin remains the same as the prior year's filing.