

## Consumer Justification Narrative

### BlueCross BlueShield of South Carolina Rate Change (effective 1/1/2022) for Business BlueEssentials Small Group Health Plans

#### **Scope and range of the rate increase:**

Depending on the plan selected, approximately 32,500 members currently enrolled in a Business BlueEssentials Small Group health plan will see an adjustment to premiums effective at renewal beginning January 1<sup>st</sup>, 2022.

#### **Financial experience of the product:**

During 2020, premiums received have generally been sufficient to cover claims paid, administrative costs, commissions, taxes, and fees. The rate adjustment effective January 1, 2022 is intended to cover future changes in medical costs. If, in 2022, paid claims are significantly less than anticipated, rebates will be paid to Business BlueEssentials members.

#### **Changes in medical service costs:**

BlueCross BlueShield of South Carolina will likely pay more claims in 2022 for the following reasons:

- Hospitals and doctors charging more for services.
- More individuals seeking treatment.
- Higher drug costs.
- Future uncertainty in the insurance industry due to COVID-19.

#### **Changes in benefits:**

No benefit changes were made to any Business BlueEssentials plans.

**Administrative costs and anticipated margins:**

Administrative costs were set based on internal corporate estimates of normal operating costs. Federally required fees also apply.

BlueCross BlueShield of South Carolina is working hard to find ways to lower these costs through intense review of current practices.