

During the third Annual Enrollment Period (AEP) under the Affordable Care Act (ACA), more than 610,000 people in North Carolina bought health insurance plans on the Health Insurance Marketplace.¹ That's a good thing. But it's important to look beyond how many North Carolinians have health insurance plans. We need to look at the health of those customers and the frequency and types of services they are using.

ACA CUSTOMERS USE EXPENSIVE MEDICAL SERVICES

Our ACA customers are sicker and use more health care services than other customers use. Specifically, a large percentage of ACA customers visit the emergency room, receive orthopedic services and take expensive drugs. These factors contributed to higher rates for 2017.

Blue Cross and Blue Shield of North Carolina (BCBSNC) filed an average 2017 rate increase of 18.8 percent for our ACA customers with the North Carolina Department of Insurance (NCDOI) for review. We also filed to sell ACA coverage in all 100 counties. However, the final decision will be made later this year.

Individual rate changes will vary based on age, geographic location, product and smoking status. For example, a 40-year-old in Raleigh on a Blue Value® Silver plan with a \$3,500 deductible pays a premium of \$406 today. With the proposed increase, a 40-year-old in Raleigh will pay a premium of \$481 for 2017.

ACA CUSTOMERS CONTINUE TO BE OLDER AND LESS HEALTHY

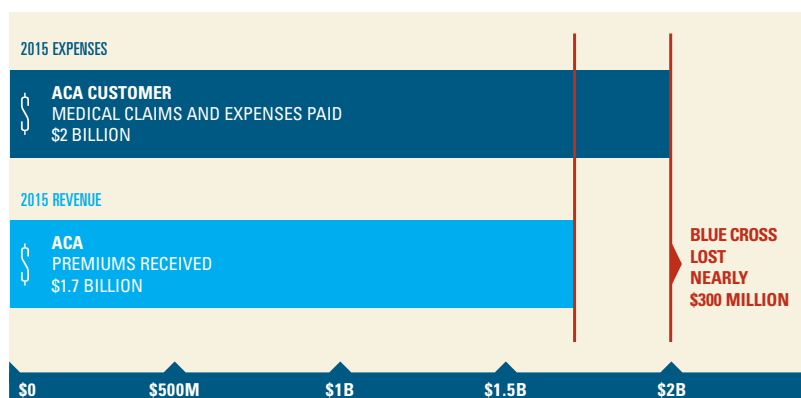
During the 2015/2016 AEP, more than 330,000 customers signed up for an ACA plan. For the third year in a row, not enough young and healthy customers signed up to balance out the risk of the sicker customers. As a result, the sickest 5 percent of ACA customers used \$1.29 billion in services but only paid \$1.8 million in services.²

BCBSNC EXCEEDS ACA REQUIREMENTS

Under the Medical Loss Ratio (MLR), health insurance companies must spend at least 80 cents of every dollar they charge in premiums on customers' health care. This guarantees insurers spend the majority of revenue from customers' premiums on providing quality care.

If companies do not meet the MLR requirements, they have to refund their customers. BCBSNC has never had to issue a refund. In fact, we exceeded the requirement by more than \$160.8 million in 2014.³ The rates we filed with the NCDOI should again meet the MLR, just as they have in earlier years.

BCBSNC CONTINUES TO LOSE MONEY ON ITS ACA BUSINESS



The cost of care for ACA customers in 2015 exceeded the payments we expected to receive from customers and the government by nearly \$300 million.