

1. GENERAL INFORMATION

Cigna is filing rates for individual medical plans in Georgia effective January 2024 through December 2024. In accordance with the requirements in 45 CFR § 154.215, this document describes the justification for the rate increases.

2. SCOPE AND RANGE OF RATE INCREASE

The change in prices for Cigna's plans in 2024 will depend on the plan that the member has selected. Cigna estimates that 183,684 customers will be impacted by this rate increase. On average, customers will see an increase of 39.7%, excluding the impact of aging, with a range of increases from 24.8% to 45.5%. In addition to the factors described below, each customer's rate increase depends on factors such as where they live and what plan they are enrolled in.

3. SIGNIFICANT FACTORS

The most significant factors causing the rate increase are:

- **Changes in Medical Service Costs:** The increasing cost of medical and pharmacy services and supplies accounts for a sizeable portion of the premium rate increases. Cigna anticipates that the cost of medical and pharmacy services and supplies in 2024 will increase over the 2022 level because the prices charged by doctors, hospitals, and other providers are increasing. Additionally, the more frequent use of medical services by customers also increases Cigna's costs. The recent increase in Consumer Price Index (CPI) inflation is adding additional inflationary pressure for network contracts and provider payment mechanisms.
- **Changes for the healthiness of the population:** The health exchanges for individual plans continue to evolve, following the introduction of the Patient Protection and Affordable Care Act. The overall health of the population is significantly impacted by changes in:
 - enrollment decreases from year to year, as this tends to increase the average healthcare cost of the remaining market enrollees
 - anticipated changes to regulations regarding things like Short Term Medical and Association Health Plans that will impact the Affordable Care Act population are likely to attract healthier consumers away from the individual market, which increases the average healthcare cost per customer

4. EXPERIENCE & PROJECTIONS

Cigna entered the Georgia individual market effective 1/1/2022 and now has fully credible experience during the experience period in this filing (1/1/2022 – 12/31/2022).

With the proposed rate increase, we expect the loss ratios for our individual plans to be higher than the federally defined minimum loss ratio threshold of 80%, thereby ensuring that the amount of premium spent on claims and quality improvement activities is more than required by the Affordable Care Act. Cigna is committed to using the premiums received from consumers to ensure quality healthcare coverage at an affordable price.

5. ADMINISTRATIVE COSTS AND ANTICIPATED PROFITS

In addition to the cost of medical services, there are a number of indirect medical and non-medical costs that Cigna pays to maintain day to day operations. These costs include taxes and fees that must be paid to federal, state or local governments, as well as assessments that states charge to pay for public health programs (like childhood vaccines for instance). In addition, Cigna also sponsors programs that promote quality care and health for our members. Additional costs include but aren't limited to: financial examinations by the government, prevention of healthcare fraud, and other business costs such as employees' salaries, building maintenance, electricity bills, etc. The administrative costs required to maintain both the short and long term viability of the segment contribute to the overall premium a customer has to pay. Cigna is committed to using the premiums it collects to further its mission of creating a sustainable and affordable healthcare system.