



Part II – Written Description Justifying the Rate Increase

Qualified health plan issuers are required to post rate increase justifications to their website. Below is justification for the rate increase effective January 1, 2017, for Health Alliance Plan of Michigan (HAP) individual medical plans offered in Michigan that are fully compliant with the Affordable Care Act (ACA).

How much is the rate increase, and who is affected?

Rates will increase by an average of 16.8 percent, effective January 1, 2017. This increase will impact approximately 13,300 members renewing in 2017 with Health Alliance Plan of Michigan. A member's actual rate increase could be higher or lower depending on the benefit plan they select as well as their location, age, tobacco use and dependent coverage.

What's driving this increase?

Premiums, deductibles and other out-of-pocket costs are directly affected by underlying health care costs. Rising prices of prescription drugs and medical treatments add to the cost of coverage and increase out-of-pocket costs for consumers. The rapid growth of prescription drug spending is projected to continue in 2017, with specialty drugs driving overall drug costs.

These factors and more – including taxes, fees and other ACA requirements – contribute to the overall cost of health care.

Our commitment to high quality, affordable coverage

Recognizing the impact of any cost increase to our members, HAP continues to effectively manage administrative costs. Our members can rest assured that costs passed on to them are necessary for providing the high-quality care and coverage they have come to expect from HAP.