MARYLAND INSURANCE ADMINISTRATION
2014 HEALTH INSURANCE PREMIUM RATE DECISION
NON-GRANDFATHERED PLAN

Insurance Company and Filing Information

Company Name	Aetna Life Insurance Co.	Company NAIC#	60054
Product Name	MD IVL MCOA Exchange	SERFF #	AETN-128971683
Type of Insurance	Medical	Rate Filing Date	April 1, 2013
Market Segment	Individual	Rate Decision Date	July 26, 2013
Product ID #	70767MD006	Rate Effective Date	January 1, 2014

Requested and Approved Average Premium Rates

Average Premium Rate Requested by the Company	$394.24	Approximate Number of Maryland Policyholders Enrolled in a Similar Product Currently Offered by the Company	3,325
Average Premium Rate Approved by the MIA	$281.39	Estimated Difference Between the Company's Current Average Premium Rate and the Approved Average Premium Rate**	25.4%
Difference Between Requested and Approved Average Premium Rates*	-29%		

The difference is rounded to the nearest full percentage point.
****This estimate reflects the difference between the Company's approved average premium rate, per member, per month (PMPM) for non-grandfathered plans in the individual market in 2014 as compared with its existing average premium rate PMPM for non-grandfathered plans in the individual market. The estimate involves assumptions about which plans current policyholders will choose for 2014.***

These rate figures are averages. Your own premium rate may be higher or lower, depending upon your age, whether you use tobacco, where you live, and cost-sharing under your plan.

Rate Review Standards and Considerations

The Insurance Commissioner approves health insurance rates in Maryland. Under Maryland law, rates may not be inadequate, unfairly discriminatory or excessive in relation to benefits. Each rate filing is reviewed on its own merits. The Commissioner's rate decisions must be based on statistical analysis and reasonable assumptions. To assist the Commissioner in making these decisions, Maryland Insurance Administration (MIA) actuaries examine the data, methods, and assumptions used by each insurance company. They review numerous factors related to proposed premium rates, including the company's actual and projected claims experience, medical and prescription costs, administrative costs, and profits or losses. The Commissioner also considers the impact premium rates will have on Maryland consumers. Under the federal Patient Protection and Affordable Care Act and Maryland law, in the individual and small group markets, 80 cents of every premium dollar must be spent on paying claims or on quality improvement activities; that figure increases to 85 cents in the large group market. If an insurance carrier does not meet these targets, the carrier must pay rebates to policyholders.

Modifications to Requested Rates and Reasons for Those Modifications

Some of the data provided by the Company, some of the Company's assumptions, and the Company's actual experience did not support the originally proposed premium rate schedule.

In response to the MIA's inquiries during the course of the rate review process, the Company proposed a modified premium rate that reduced the originally proposed premium rates as follows:

- Reinsurance Recovery Assumptions - The Company modified its assumptions about its recoveries under the transitional federal reinsurance program, which resulted in a reduction of approximately 3% in the average premium rate.
- Utilization Trend Assumptions - The Company modified its assumptions about the projected level of its enrollees' utilization of health care services, which resulted in a reduction of approximately 5% in the average premium rate.
- Administrative Expense Update - The Company modified its projected administrative expenses, which resulted in a reduction of approximately 0.5% in the average premium rate.
- Assumptions about the Anticipated Health of the Population - The Company modified its projections regarding the anticipated health of enrollees in its individual market products in 2014, which resulted in a reduction of approximately 9.5% in average premium rates. This reduction was largely offset by a correction to the requested premium rate figure, which was inconsistent with the figures used in the Company's premium rate development.

The Commissioner required further modifications of certain assumptions used by the Company in developing its proposed rates, based in part on the estimated difference between the Company's current average premium rate and the proposed average premium rate. These further modifications resulted in an additional 20% reduction in the Company's requested average premium rate. This reduction was achieved by a combination of the following four factors:

- Reducing the percentage of every premium dollar retained after paying claims;
- Further increasing the Company's projected recovery under the federal transitional reinsurance program;
- Further reducing the Company's utilization trend assumptions, consistent with the Company's 4-year annualized average utilization trend factor; and
- Further modifying the Company's projections regarding the anticipated health of its enrollees in its individual market products in 2014.

The Company declined to amend its rate filing to reflect these further modifications. A Company may not charge a premium unless its premium rates have been approved by the Commissioner. The Company's approved average premium rate, as modified by the Company and as further modified by the Commissioner, is approximately 29% less than the average premium rate as filed.

Final Determination

Pursuant to § 11-603(c)(2) of the Insurance Article, Annotated Code of Maryland, the Company's requested premium rates, as modified by the Company and as further modified by the Commissioner, are not inadequate, unfairly discriminatory, or excessive in relation to benefits.