

## Learn more about renewal adjustments

Below is an illustration of how various rating adjustments are combined to determine the change in premium from your current rates to your renewal rates.

Please note that the actual number of adjustments and the percentage of premium increase or decrease will vary based on your group's specific demographics, geographic location, and plan.

Rate Adjustment	Description	Sample Adjustment
General Cost of Medical Benefits	Trends in health care costs in group's geographic area	12.3%
Product	Change in cost of specific plan design	1.5%
Census	Change in group's demographics	-5.0%
<b>Total Rate Change:</b>		<b>8.3%</b>

To calculate the overall percentage of change you multiply the factors shown in the graph:

$$(1 + 0.123) \times (1 + 0.015) \times (1 + (-0.05)) = 1.083 = 8.3\%$$

$$1.123 \times 1.015 \times 0.95 = 1.083 = 8.3\%$$

### Learn more about how the calculation is done

<b>Step 1: Begin with Current Premium</b>	
\$10,000.00	Current Premium
<b>Step 2: Adjustment for General Cost of Medical Benefits</b>	
+ \$1,230.00	Increase of 12.3% (0.123 x \$10,000.00 = \$1,230.00)
\$11,230.00	Sub Total
<b>Step 3: Adjustment for Product</b>	
+ \$168.45	Increase of 1.5% (0.015 x \$11,230.00 = \$168.45)
\$11,398.45	Sub Total
<b>Step 4: Adjustment for Census</b>	
- \$569.92	Decrease of 5.0% (-0.050 x \$11,398.45 = -\$569.92)
\$10,828.53	Sub Total
<b>Step 5: Final Renewal Premium</b>	
\$10,828.53	Total adjustments equal \$1,230.00 + \$168.45 - \$569.92 = \$828.53. As a percent of current premium, this change is \$828.53 / \$10,000.00 or 8.3%.

Note: All rates display with medical and pharmacy combined.