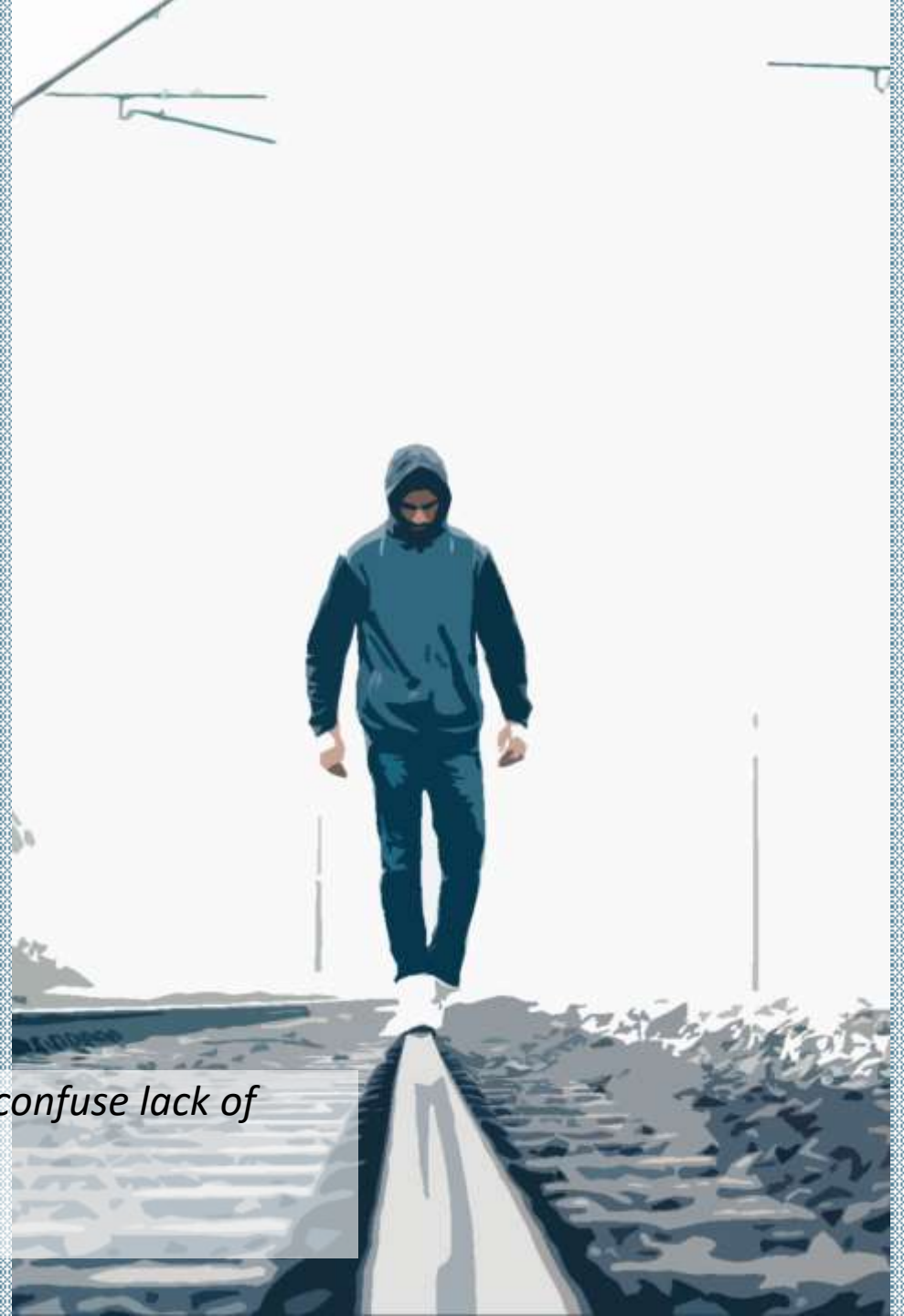


Utah 2020 Rates Individual and Small Group

- *Never think that lack of variability is stability. Don't confuse lack of volatility with stability, ever.*

-- Nassim Nicholas Taleb



ASOP 41 Reliance

- I have relied on data and analysis from each company submitting rate filings in the Individual and small group market. I reviewed data for reasonableness and compared to prior filings and other exhibits to ensure consistency. I reviewed each filing for internal consistency of assumptions as well. If the data from the companies has material errors, the results of my analysis may also be erroneous.
- While I relied on the data provided in the URRT, actuarial memoranda, and other exhibits, I made my own determination about the reasonableness of the rates given the information provided.
- For some assumptions I relied entirely on the work of the filing actuary because it would have involved a substantial amount of additional work to completely vet the assumption and the general nature of a regulatory actuary requires some reliance on the expertise of the filing actuary. These assumptions include: risk adjustment (including 60% of claims > 1M), projected autism benefits as a portion of premium, mapping of benefits for all plans to each AV calculation, administrative expenses, projected changes in morbidity and demographics, proportion of benefits that are non-EHB, effects of changes in provider networks, impacts of capitation, historic claims/premiums/enrollment/APTC/non-EHB.
- Actuarial Standard of Practice 41 suggests that I provide the name, title, and contact information of the actuary that set assumptions on which I relied in an actuarial report unless it would be inappropriate to do so. I believe that based on general audience the public nature of this report such a disclosure would be inappropriate. If the names and contact information are required, I can supply them on an individual request basis, though this information is also available through healthrates.utah.gov in each rate filing.

Disclaimers

- Determining the “average rate increase” over the prior year is non-trivial and has many interpretations. The calculation is complicated by:
 - Discontinued plans and membership crosswalked from one plan to another
 - The granularity of the enrollment data
 - Required benefit changes to keep within the -4/+2% de minimis Actuarial Value calculator metal ranges
 - The Uniform Modification rules (benefit changes that are small enough to say the plan is the same plan as last year and not a “new” plan)
 - Changes in provider contracts that can affect the rates independently of the benefits
 - Changing assumptions in the relativity of the cost of care between rating areas
 - Differing plan availability by county
 - CSR funding (or non-funding)
 - A hundred other things that won't fit on this slide
- Information in these slides is accurate as of 11/12/2019, but may be subject to change

- I am certain there is too much certainty in the world. ~ Michael Crichton

2020 Participants

Individual market

Insurer	On/Off	2019 Enrollment
SelectHealth	On/Off	180,961
UUHIP	On/Off	21,163
Regence BCBS	Off	1,726
Molina	On/Off	448
BridgeSpan *	On/Off	1
Cigna *	On/Off	0

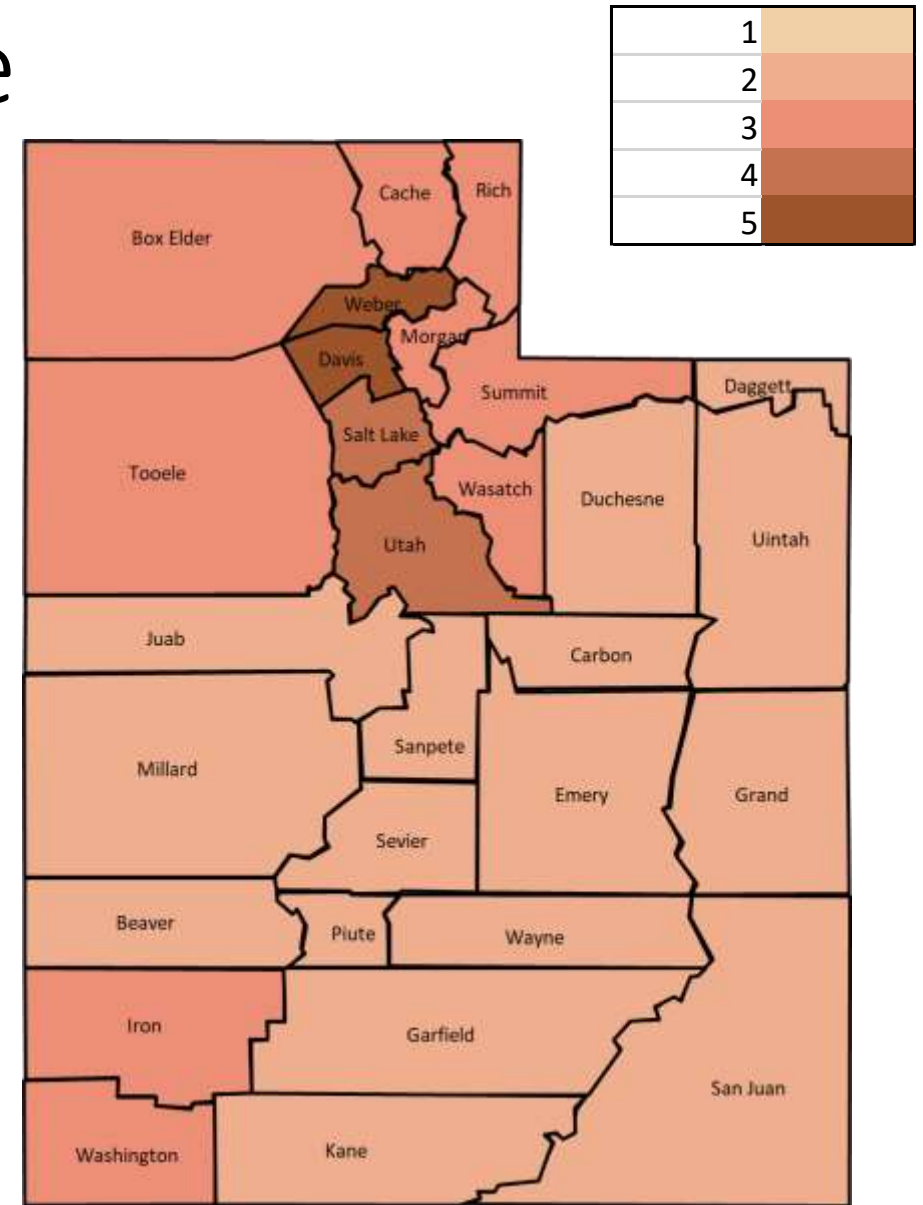
Small Group market

Insurer	On/Off	2019 Enrollment
SelectHealth	Off	96,193
Regence BCBS	Off	25,262
UHC	Off	5,031
National Health	Off	3,645
Humana	Off	364
UHC of UT	Off	301
WMI	Off	59

*Cigna is new to Utah's individual market. BridgeSpan was Off exchange for 2019, moving to On for 2020

2020 Individual On Exchange

County	Insurers On Exchange
Beaver	2
Box Elder	3
Cache	3
Carbon	2
Daggett	2
Davis	5
Duchesne	2
Emery	2
Garfield	2
Grand	2
Iron	3
Juab	2
Kane	2
Millard	2
Morgan	3
Piute	2
Rich	3
Salt Lake	4
San Juan	2
Sanpete	2
Sevier	2
Summit	3
Tooele	3
Uintah	2
Utah	4
Wasatch	3
Washington	3
Wayne	2
Weber	5



I'm still the same. That's why the fans love me. Because they need stability in the industry. ~DMX

2020 Average Rate Increase

Individual Market -1.8%

- Catastrophic -2.4%
- Bronze -1.2%
- Silver -2.4%
 - Silver On -2.3%
 - Silver Off -5.4%
- Gold -2.2%

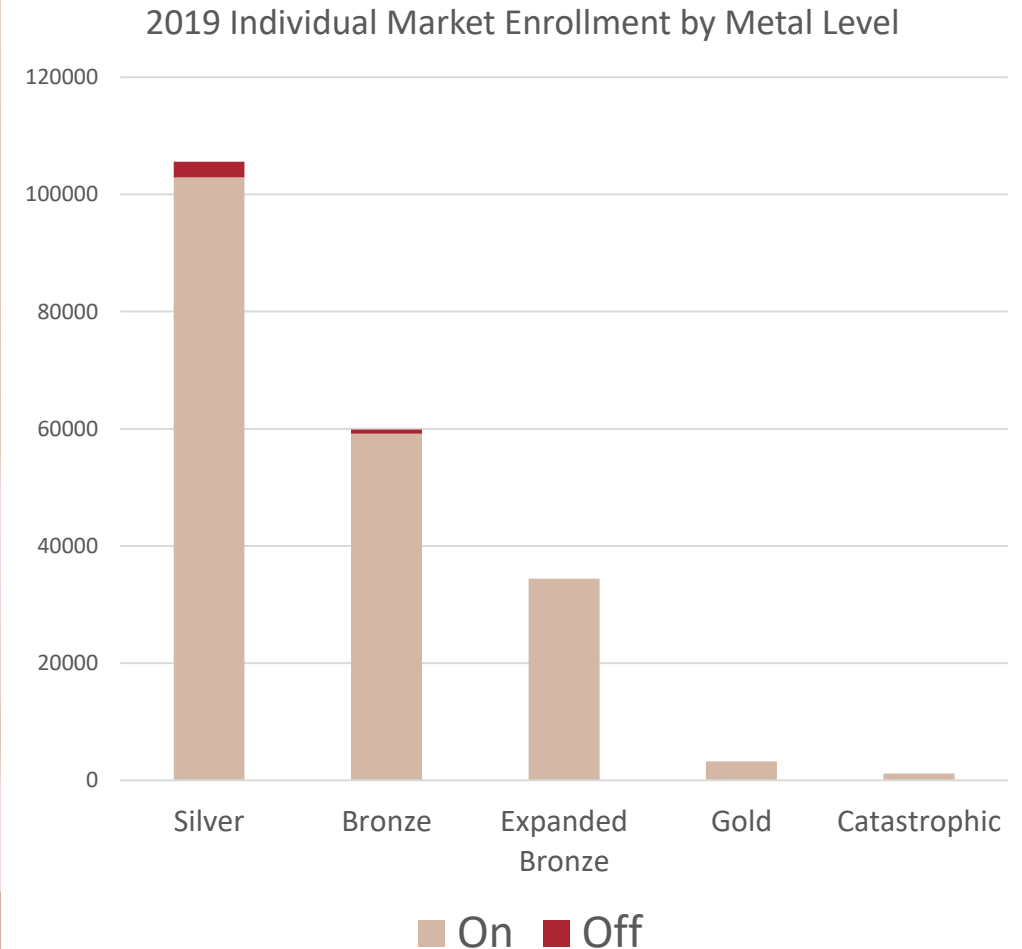
Small Group Market + 2.0%

- Bronze 1.1%
- Silver 3.6%
- Gold 0.8%
- Platinum 4.3%

Uses URRT membership combined with consumer justification and rate filing information about the size of the rate increase to calculate the average market increases

Individual Enrollment by Plan

- The 2020 URRT's ask for current enrollment by plan.
- This shows very little strictly off exchange enrollment
- Strictly off exchange enrollment is exclusively in silver or bronze
- On exchange enrollment is highly concentrated in silver and bronze plans



Low Cost Bronze

Counties Where the Lowest-Cost Bronze Plan (LCB) Premium Costs Zero Dollars After Tax Credit in 2020

Example Age and Income

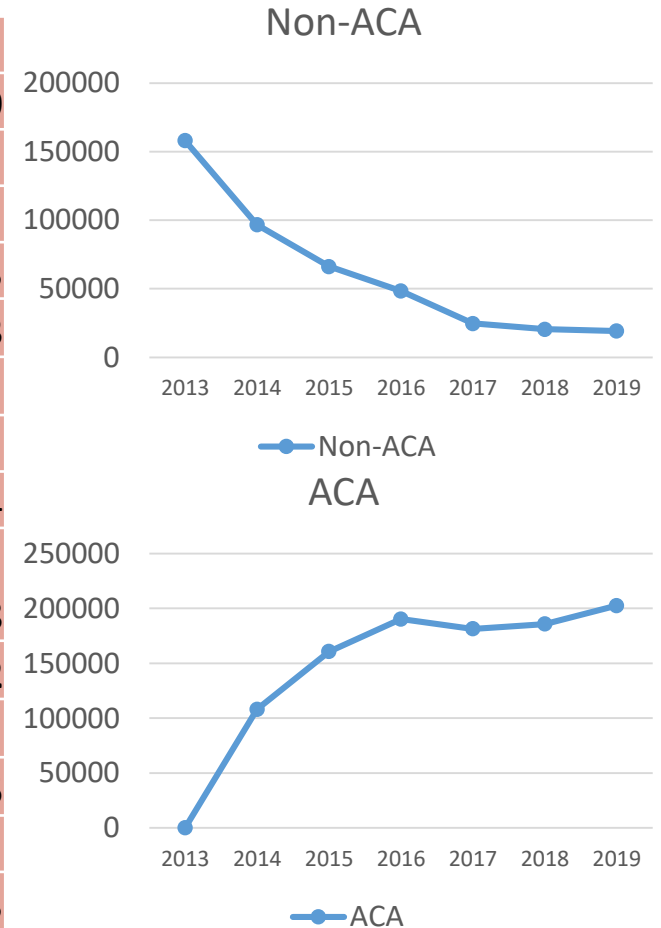
40-year-old with income of \$30,000 (240% of poverty)

- LCB premium fully covered by tax credit (new in 2020)
- LCB premium fully covered by tax credit in both 2019 and 2020
- LCB premium is higher than amount of tax credit in 2020



Enrollment: Individual

	Individual Market						
	2013	2014	2015	2016	2017	2018	2019
Grandfathered / Transitional							
Off-Exchange	158,047	96,680	66,237	48,366	24,691	20,535	19,293
Total Non-ACA	158,047	96,680	66,237	48,366	24,691	20,535	19,293
ACA Compliant Plans							
Off-Exchange	NA	32,030	45,256	40,735	29,679	23,231	22,214
Federal Health Exchange (FFM)	NA	75,891	115,434	149,536	151,622	162,456	180,288
Total ACA Compliant	NA	107,921	160,690	190,271	181,301	185,687	202,502
Total	158,047	204,601	226,927	238,637	205,992	206,222	221,795
Increase Over Prior Year		46,554	22,326	11,710	-32,645	230	15,573



9% of Individual Market is Non-ACA

APTC and CSR



- Total 2019 Individual market enrollment: 202,500*
 - 194,570 on Exchange
 - 176,000 have APTC
 - 100,000 have CSR
 - 15,200: 73% AV
 - 30,100: 87% AV
 - 53,600: 94% AV
 - 1,200: Native American
 - For those with APTC (across all plans), avg premium is \$417 PMPM
 - After APTC \$50 PMPM

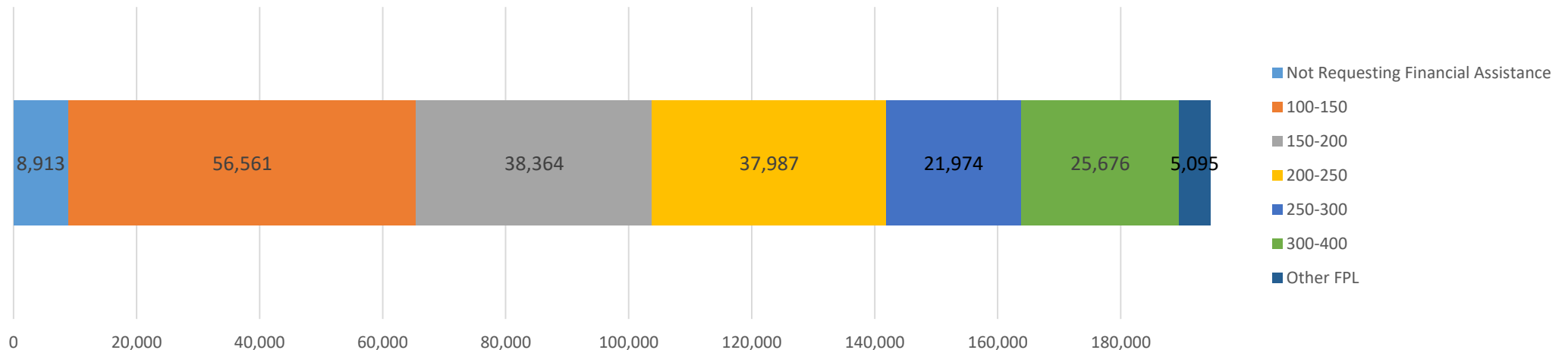
Source: 2019 Marketplace Open Enrollment Period Public Use Files

**I'm using the UID data for total market because CMS only looks at On Exchange. Also there is a timing difference for when we collected data vs CMS.*

APTC and CSR



Metal Level	Total Number of Consumers Who Have Selected an Exchange Plan	Average Premium	Average Premium after APTC	Consumers with APTC and/or CSRs	Average APTC among consumers receiving APTC	Average Premium after APTC among consumers receiving APTC
Bronze	84,120	\$348	\$82	83%	\$319	\$31
Silver	107,537	\$545	\$75	97%	\$484	\$59
Gold	2,222	\$642	\$389	70%	\$361	\$274

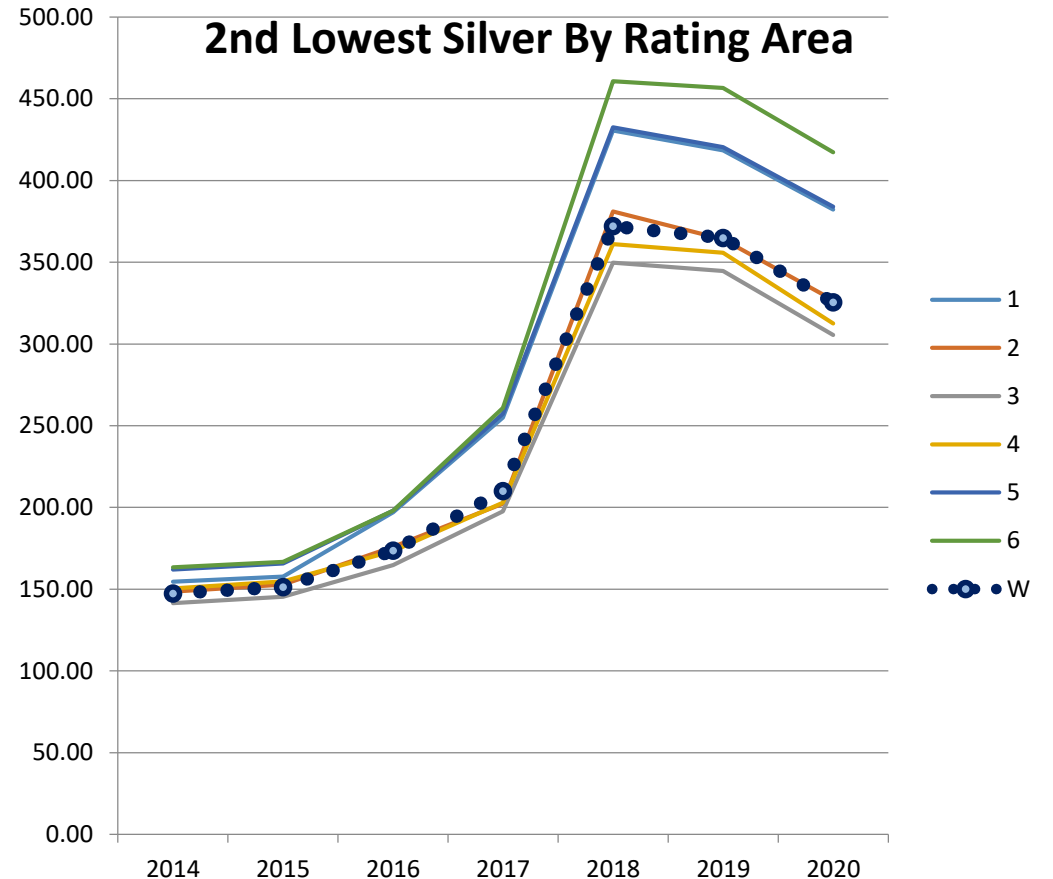


Source: 2019 Marketplace Open Enrollment Period Public Use Files

2nd Lowest Silver*



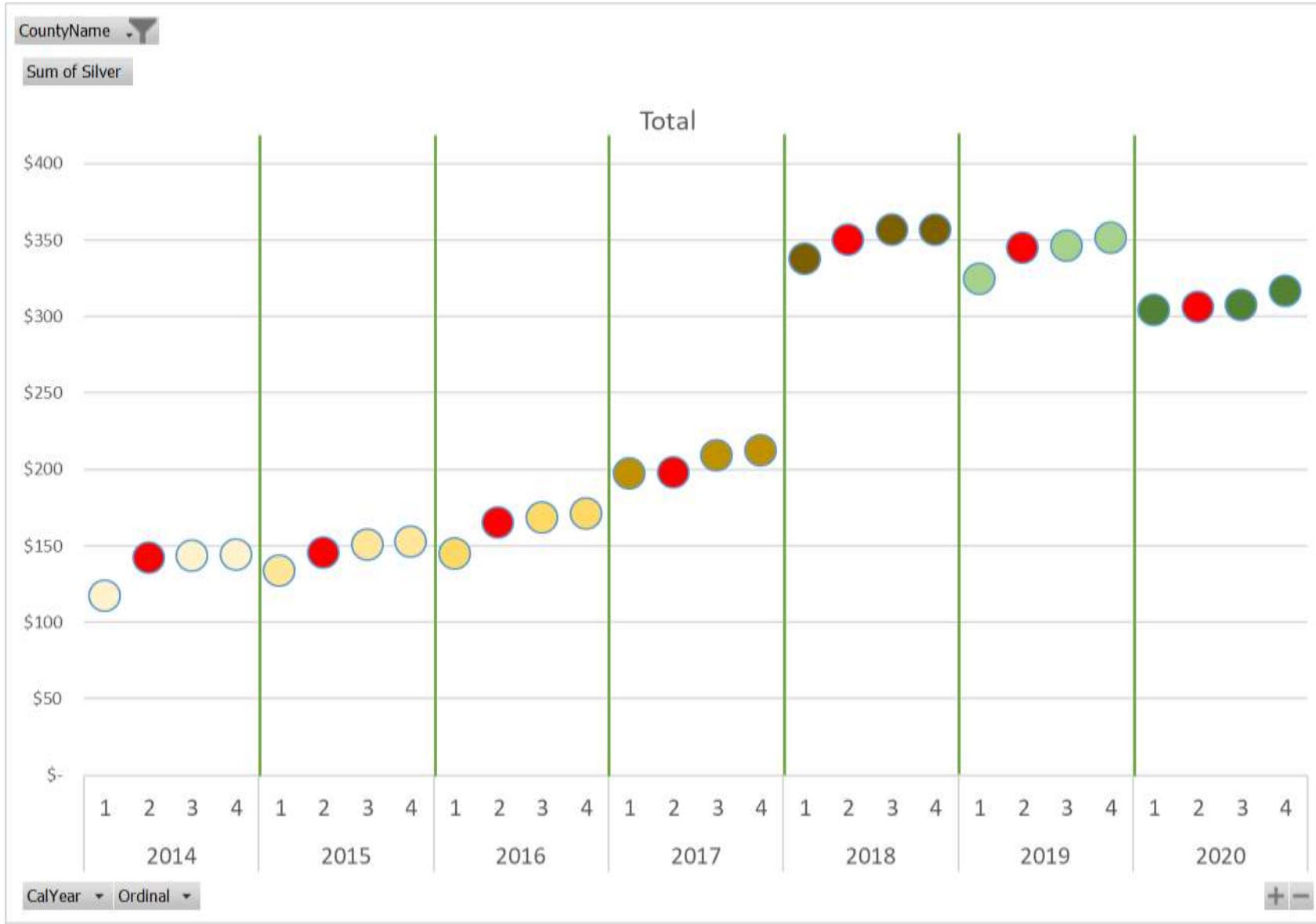
CountyName	2019	2020	Increase
Beaver	456.69	417.27	-8.6%
Box Elder	391.98	347.66	-11.3%
Cache	418.37	382.26	-8.6%
Carbon	456.69	417.27	-8.6%
Daggett	456.69	417.27	-8.6%
Davis	344.63	305.51	-11.4%
Duchesne	456.69	417.27	-8.6%
Emery	456.69	417.27	-8.6%
Garfield	456.69	417.27	-8.6%
Grand	456.69	417.27	-8.6%
Iron	420.33	384.05	-8.6%
Juab	456.69	417.27	-8.6%
Kane	456.69	417.27	-8.6%
Millard	456.69	417.27	-8.6%
Morgan	411.28	347.66	-15.5%
Piute	456.69	417.27	-8.6%
Rich	418.37	382.26	-8.6%
Salt Lake	344.63	305.51	-11.4%
San Juan	456.69	417.27	-8.6%
Sanpete	456.69	417.27	-8.6%
Sevier	456.69	417.27	-8.6%
Summit	370.30	328.21	-11.4%
Tooele	346.04	316.15	-8.6%
Uintah	456.69	417.27	-8.6%
Utah	355.82	312.51	-12.2%
Wasatch	389.44	328.21	-15.7%
Washington	420.33	384.05	-8.6%
Wayne	456.69	417.27	-8.6%
Weber	363.96	326.89	-10.2%



*2nd lowest silver in 2020 is approximate. For years 2019 and later, if a plan doesn't have embedded pediatric dental then you have to add in additional premium to account for the missing EHB. These figures don't take into account the additional pediatric dental premium that might apply.

1st-4th Lowest Silver – Salt Lake County

SILVER



Benefits Lowest Silver Plans Salt Lake County 2020

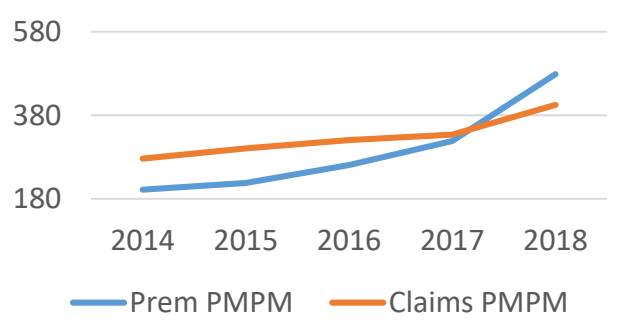


Plan ID	81808UT0020004	68781UT0200007
Position	1st Lowest	2nd Lowest
Insurer	Cigna	SelectHealth
Plan Name	Cigna Connect 1900	Value Benchmark Silver 6200 - no deductible for office visits
Metal Level	Silver	Silver
Age 21 NonTobacco Rate	\$303.89	\$305.51
Issuer AV calc	0.674	0.660
MOOP	\$8,150 / \$16,300	\$8,000 / \$16,000
Deductible	\$1,900 / \$3,800	\$6,200 / \$12,400
Rx Deductible	\$1,500 / \$3,000	(combined)
Default Coinsurance	50%	50%
PCP	\$45	\$25
Specialist	\$0	\$60

Individual Market Loss Ratio Over Time

- Average increase 2017 = 30%
- Average increase 2018 = 39.6%
- Average increase 2019 = -1.5%
- Average increase 2020 = -1.8%

	2014	2015	2016	2017	2018	All Years
Premiums (net of MLR rebates)	322M	508M	695M	821M	1,147M	3,494M
Incurred Claims (net of Rx rebates)	441M	701M	858M	862M	971M	3,832M
Federal Reinsurance	-80M	-77M	-39M			-196M
Member Months	1.6M	2.3M	2.7M	2.6M	2.4M	11.6M
Premium PMPM	202	218	261	318	478	301.80
Incurred Claims PMPM	276	301	321	334	405	331.00
Raw Loss Ratio	137%	138%	123%	105%	85%	110%
After Reinsurance Loss Ratio	112%	123%	118%	105%	85%	104%



Finally!

MLR rebates

2018 MLR Rebates by State

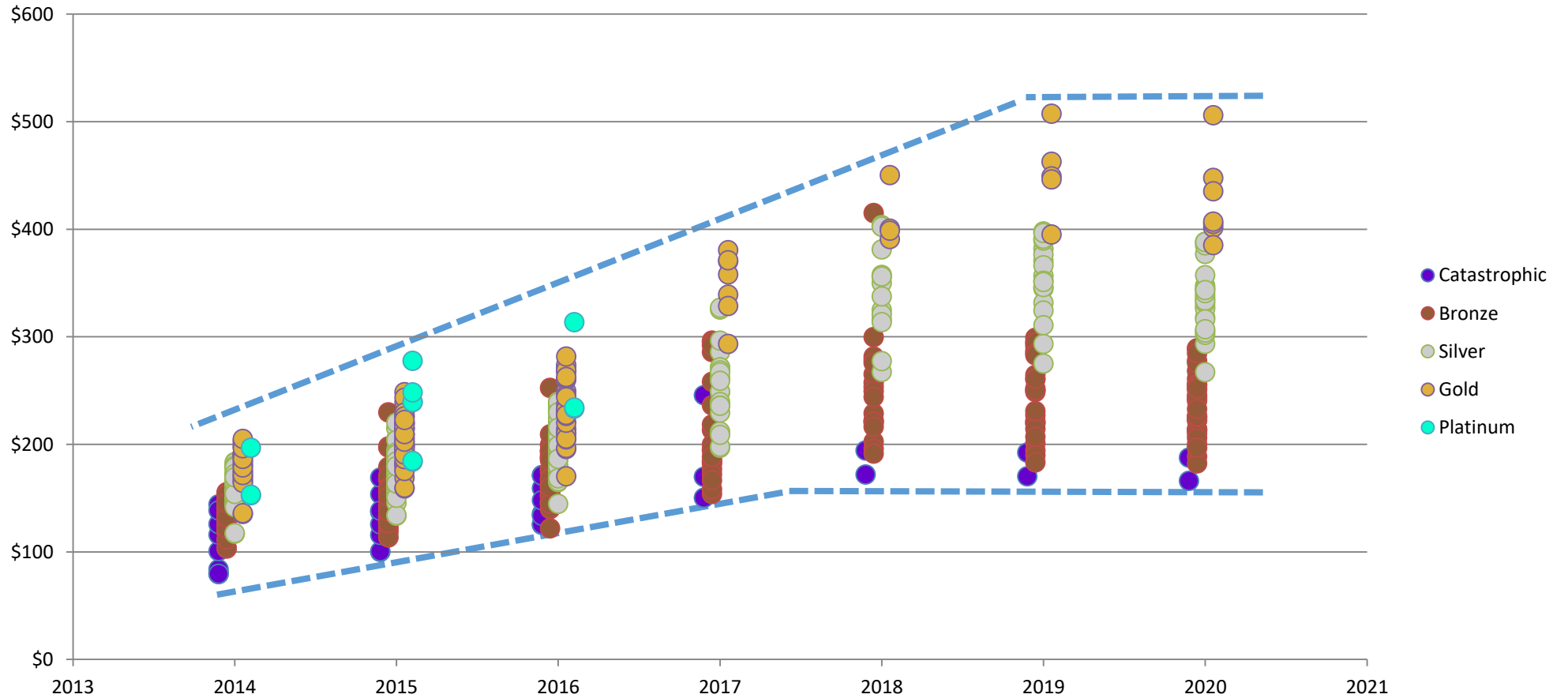
Based on MLR reports filed through September 30, 2019

State	All Markets			Individual Market			Small Group Market			Large Group Market		
	Total Rebates	Consumers Benefitting from Rebates	Average Rebate per Person	Total Rebates	Consumers Benefitting from Rebates	Average Rebate per Person	Total Rebates	Consumers Benefitting from Rebates	Average Rebate per Person	Total Rebates	Consumers Benefitting from Rebates	Average Rebate per Person
USA	\$1,370,265,255	8,924,643	\$154	\$769,275,419	3,703,475	\$208	\$310,343,220	2,950,847	\$105	\$290,646,616	2,270,322	\$128
UT	\$8,778,764	49,316	\$178	\$4,195,482	21,778	\$193	\$4,234,303	27,097	\$156	\$348,979	441	\$791



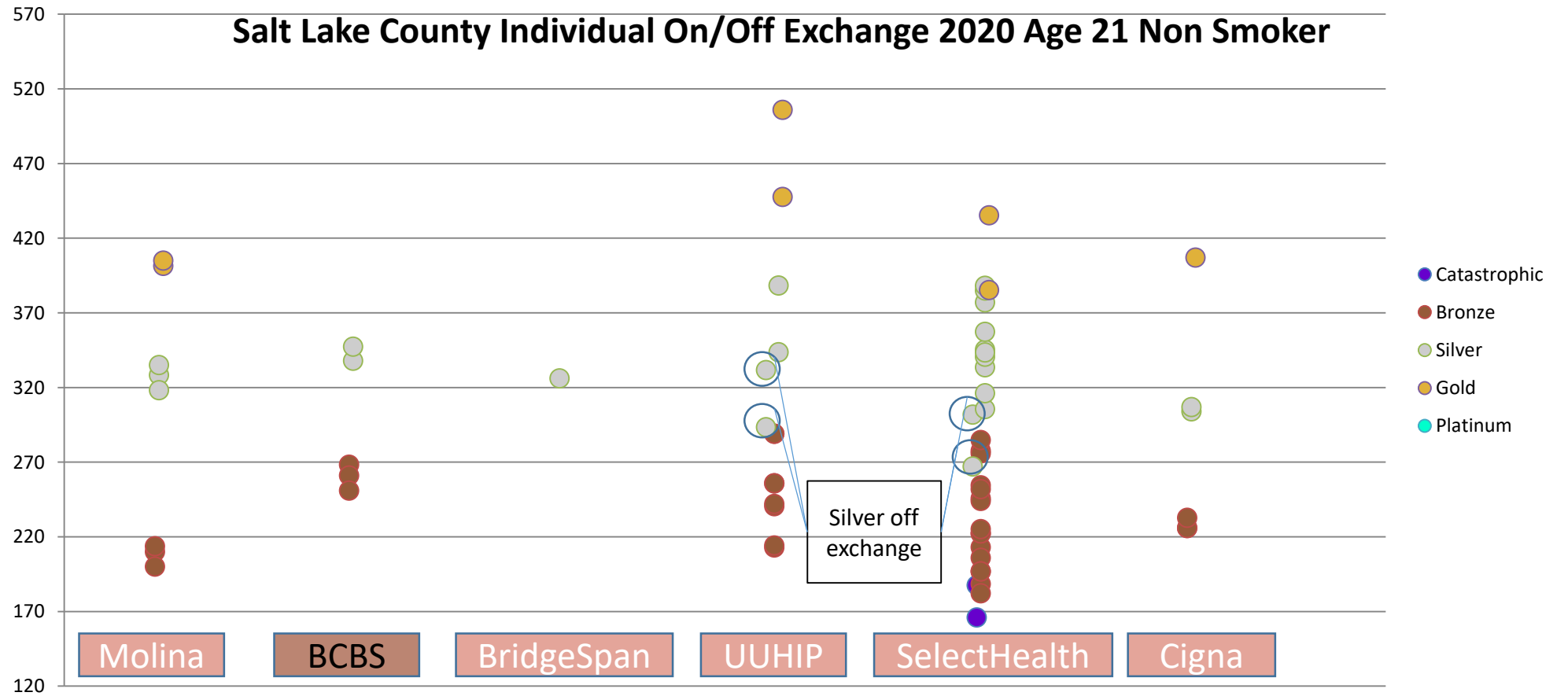
Source: CMS 2018 MLR rebate reports

Individual Rates – by Year

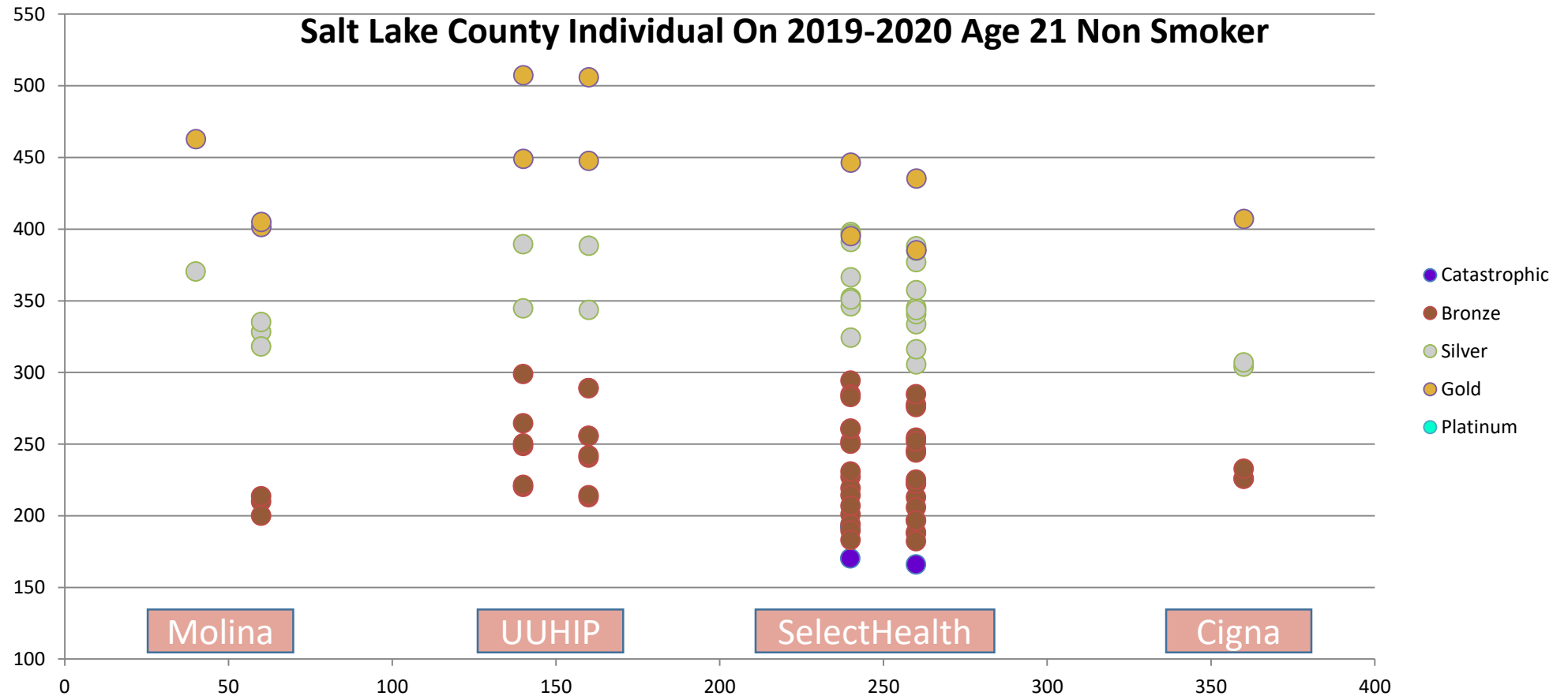


Premium - Salt Lake County, Age 21, Non-Smoker On & Off Exchange

2020 Premium – Individual by Carrier

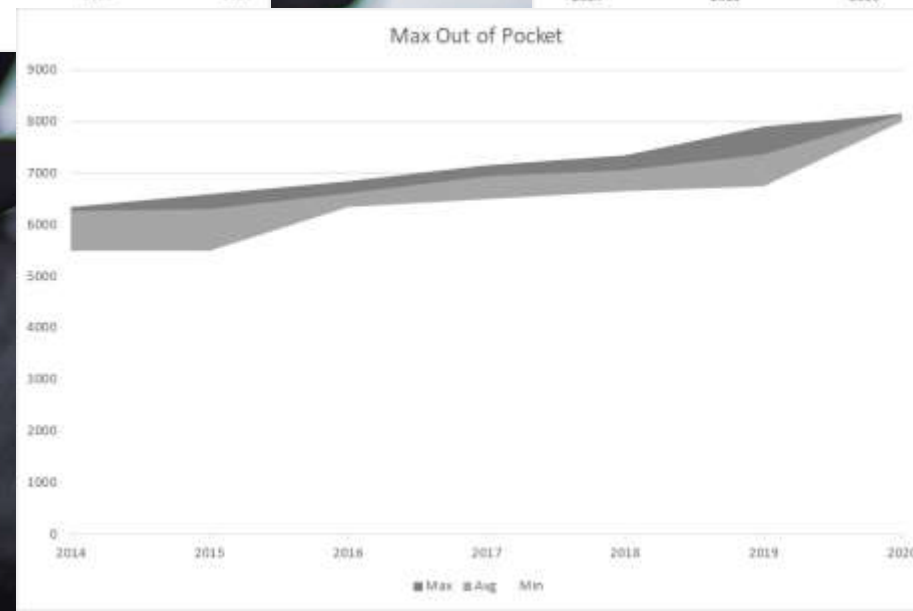
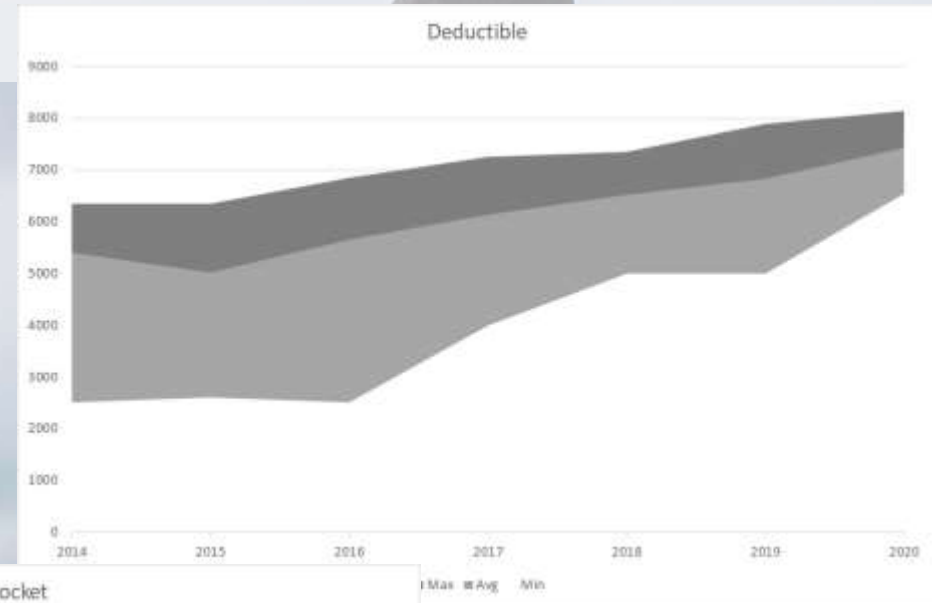
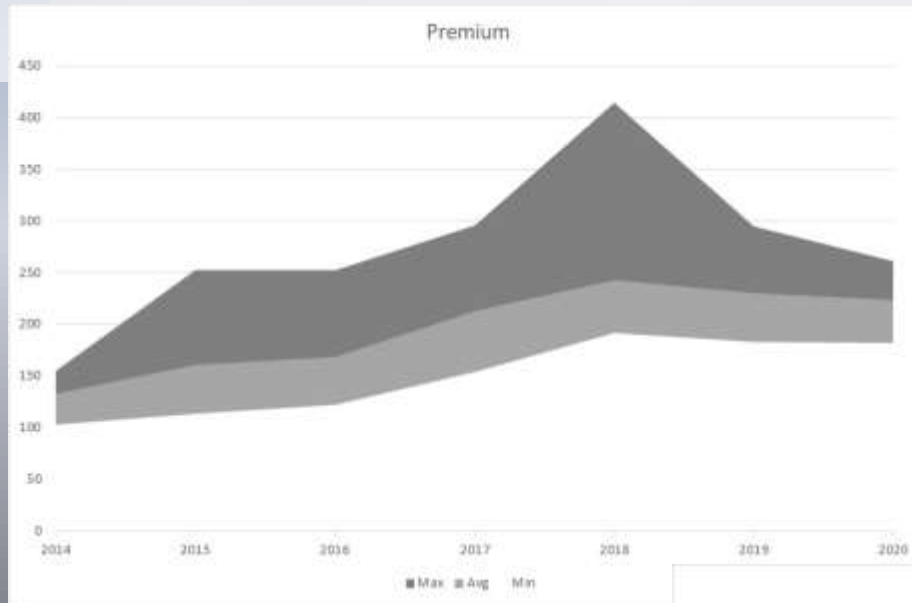


Individual On Exchange 2019 vs 2020 Premium



A bird in hand is a certainty. But a bird in the bush may sing. Bret Harte

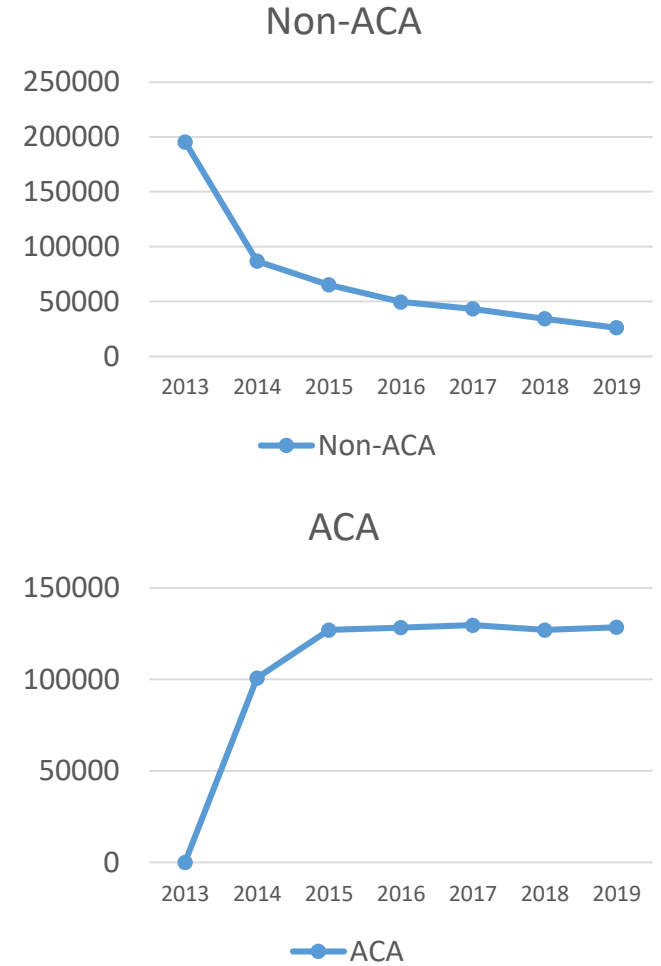
Individual – Bronze Premium / Benefits Over Time



Age 21 non-smoker rates
blend of rating area 3 and 5

Enrollment: Small Group

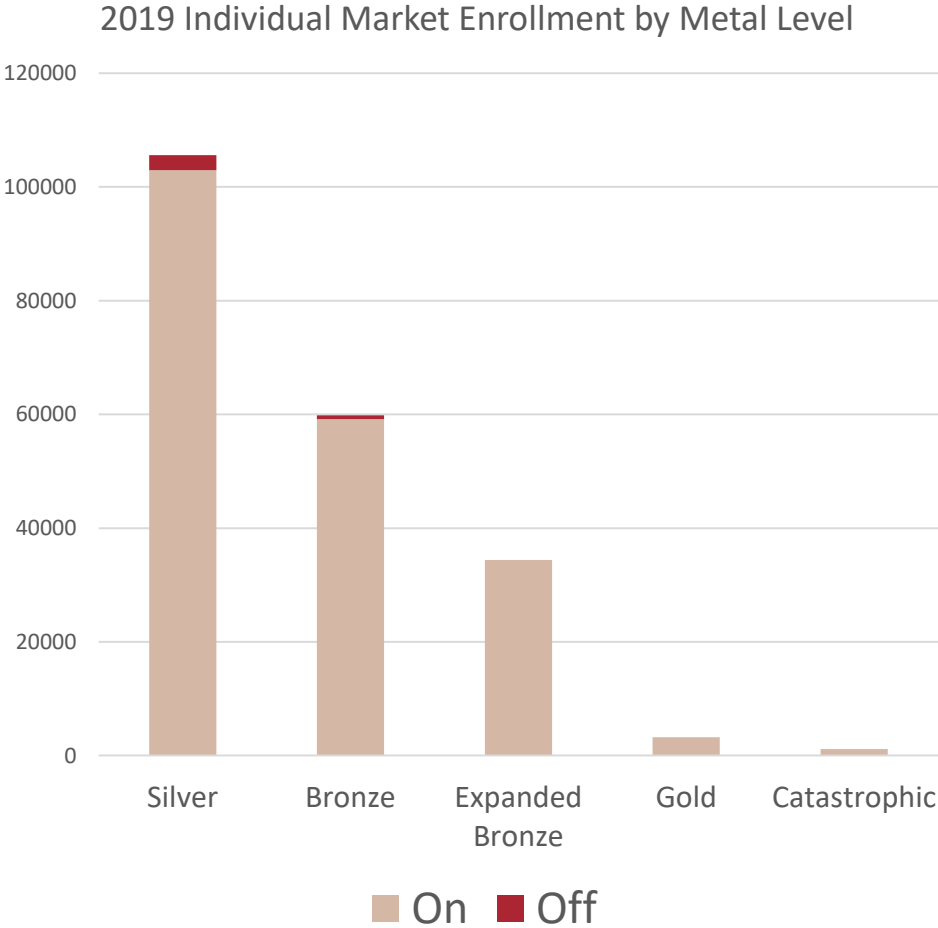
	Small Group Market						
	2013	2014	2015	2016	2017	2018	2019
Grandfathered / Transitional							
Off-Exchange	187,127	84,221	62,848	47,708	41,552	34,246	26,036
Avenue H (SHOP)	8,271	2,567	2,396	1,888	1,794	0	0
Total Non-ACA	195,398	86,788	65,244	49,596	43,346	34,246	26,036
ACA Compliant Plans							
Off-Exchange	NA	92,364	114,545	116,123	120,732	127,070	128,580
Avenue H (SHOP)	NA	8,428	12,517	12,229	8,926	0	0
Total ACA Compliant	NA	100,792	127,062	128,352	129,658	127,070	128,580
Total	195,398	187,580	192,306	177,948	173,004	161,316	154,616
Increase Over Prior Year		-7,818	4,726	-14,358	-4,944	-11,688	-6,700



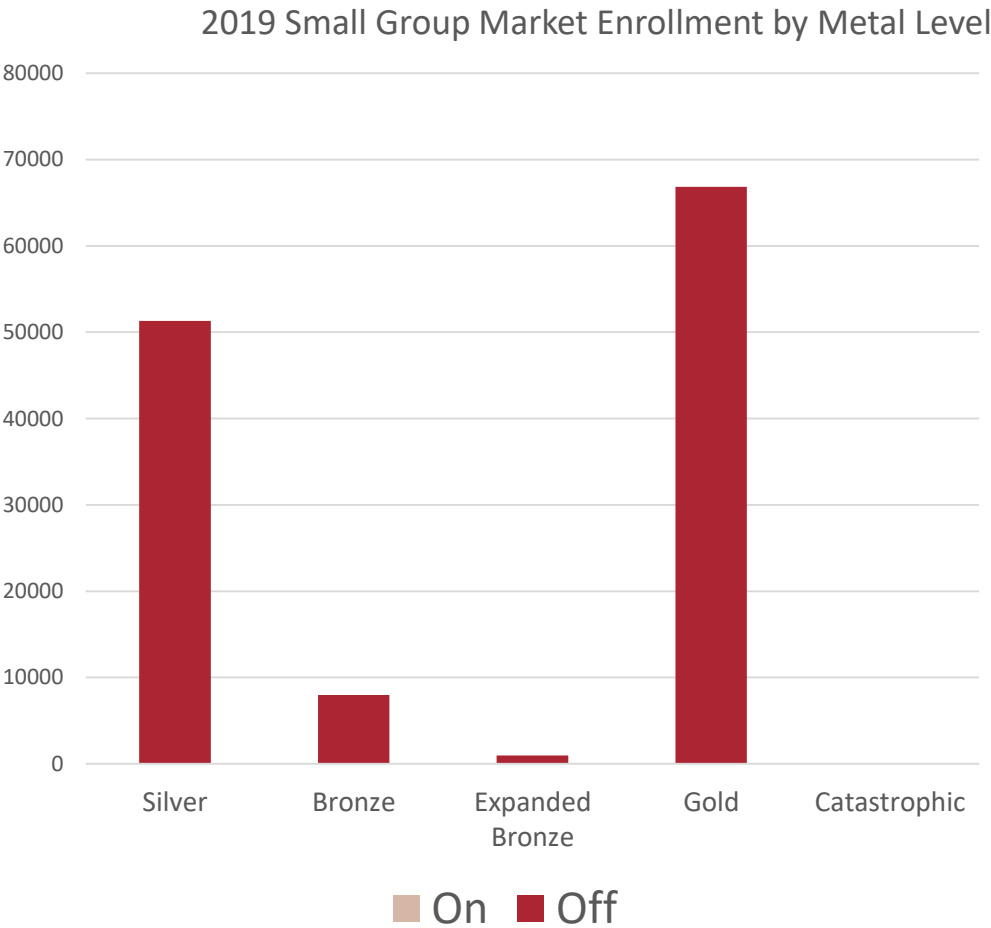
17% of Small Group Market is Non-ACA

Enrollment by Plan

Individual



Small Group

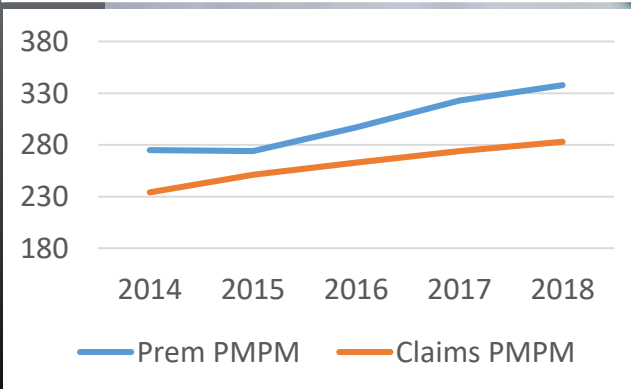


Small Group Loss Ratio Over Time

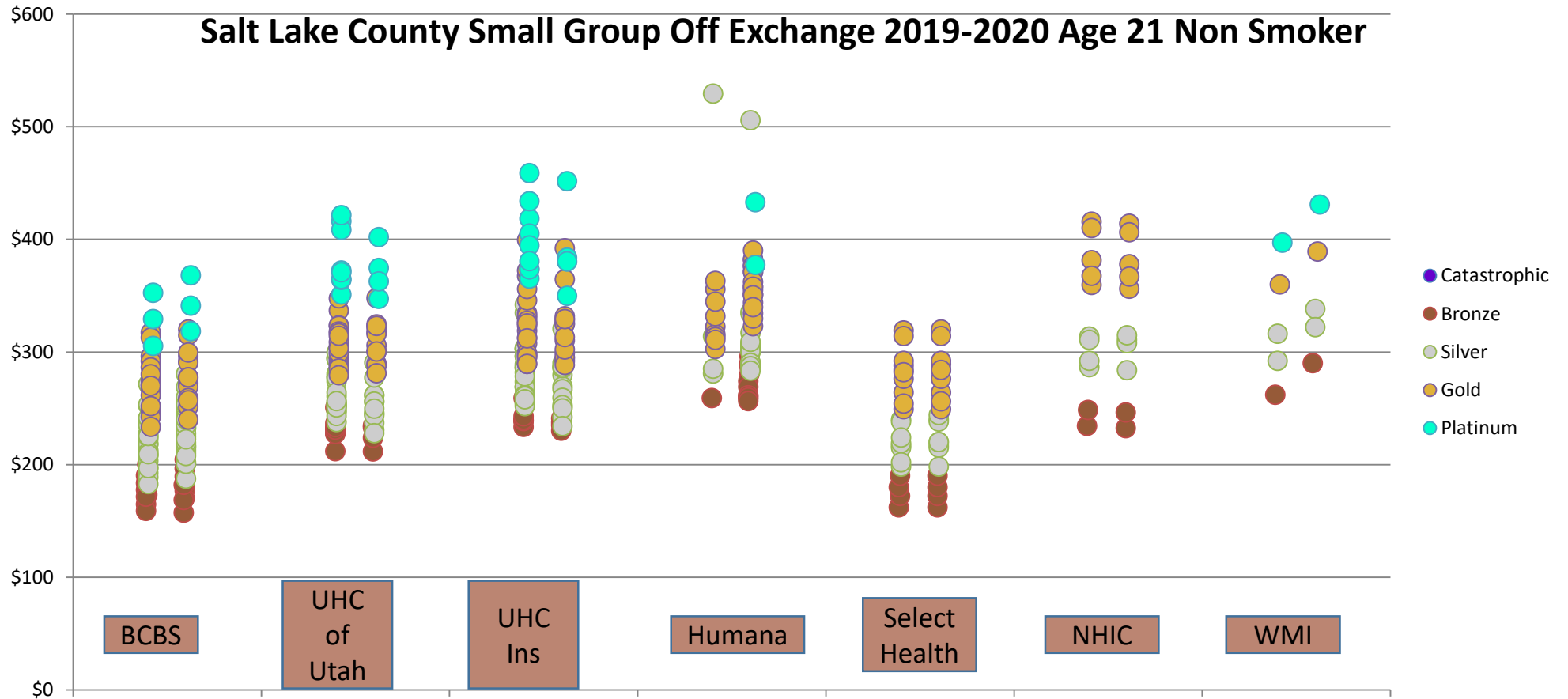


- Average increase 2017 = 9.7%
- Average increase 2018 = 9.9%
- Average increase 2019 = 0.0%
- Average increase 2020 = 2.0%

	2014	2015	2016	2017	2018	All Years
Premiums (net of MLR rebates)	458M	564M	610M	606M	631M	2,869M
Incurred Claims (net of Rx rebates)	390M	517M	540M	515M	528M	2,490M
Member Months	1.7M	2.1M	2.1M	1.9M	1.9M	9.5M
Premium PMPM	275	274	297	323	338	301.16
Incurred Claims PMPM	234	251	263	274	283	261.35
Raw Loss Ratio	85%	92%	88%	85%	84%	87%
After Reinsurance Loss Ratio	85%	92%	88%	85%	84%	87%

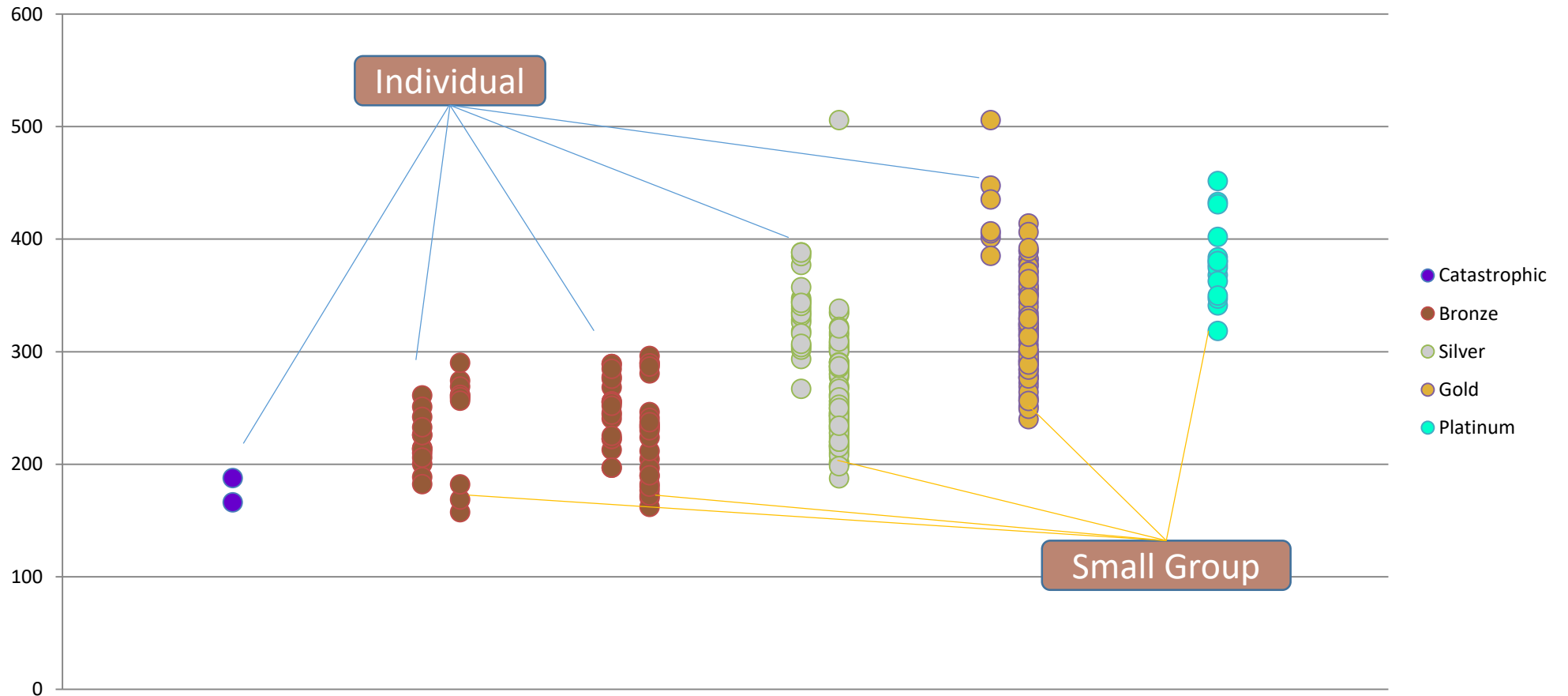


Small Group Premium 2019 vs 2020



There is no stability without solidarity and no solidarity without stability. Jose Manuel Barroso

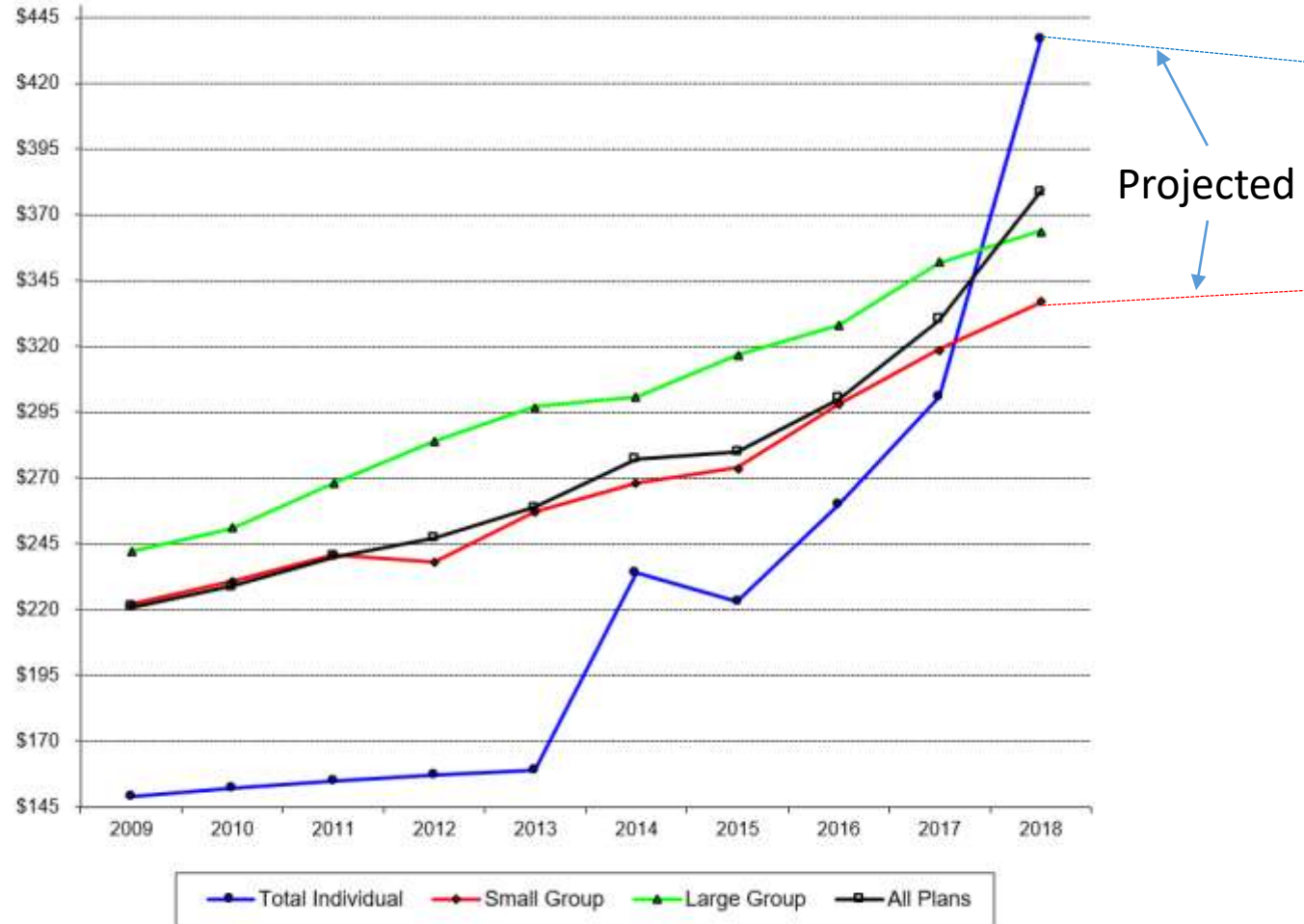
2020 Premium – Individual vs Small Group



Salt Lake County, Age 21, Non-Smoker On & Off Exchange

Comprehensive Coverage Comparison

Figure 2. Comprehensive Premium PMPM by Group Size: 2009 - 2018



Data Source: Utah Accident & Health Survey



Comprehensive Coverage Comparison

Figure 2. Comprehensive Premium PMPM by Group Size: 2009 - 2018



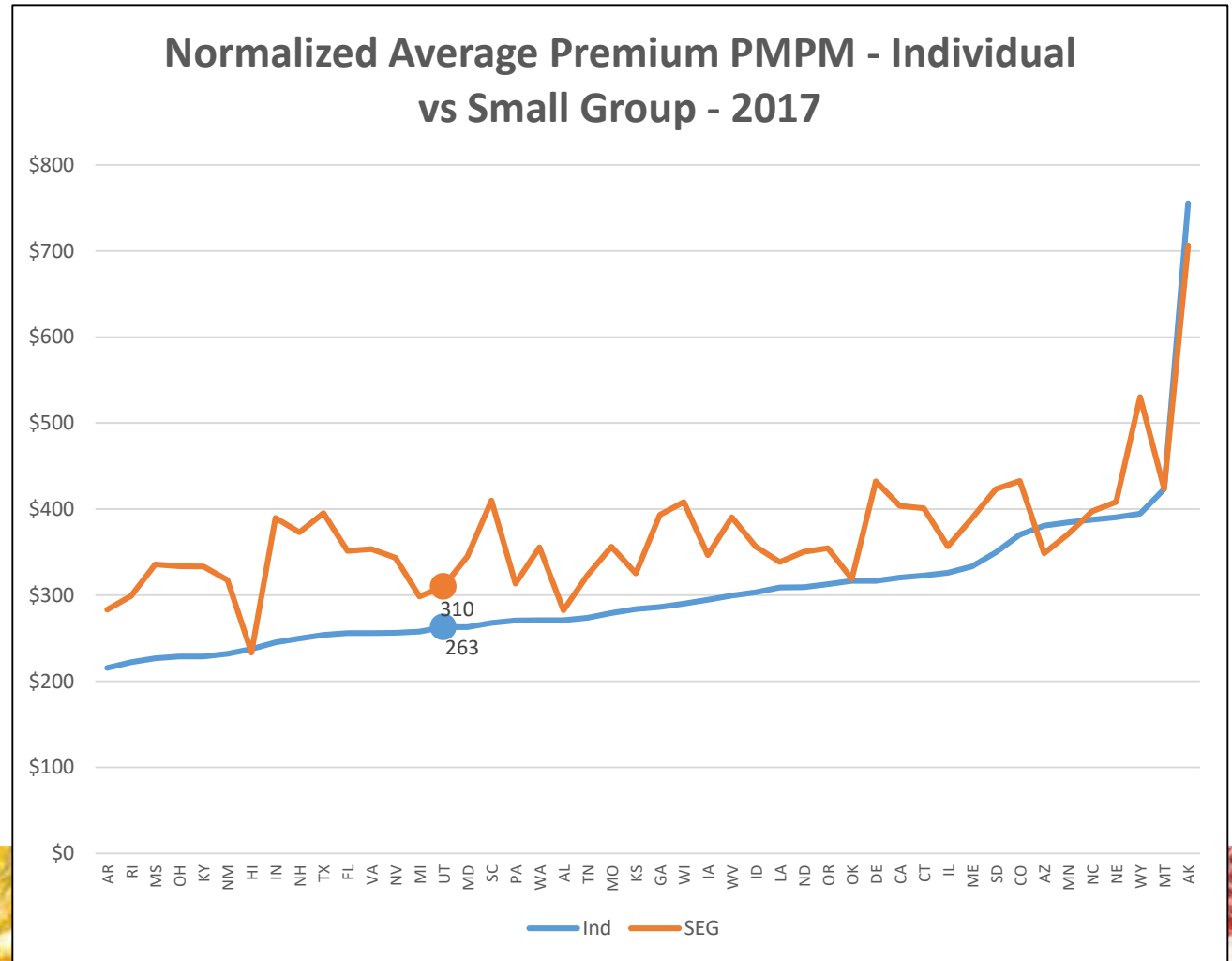
Data Source: Utah Accident & Health Survey



2017 Utah Normalized Premium Relative to Other States

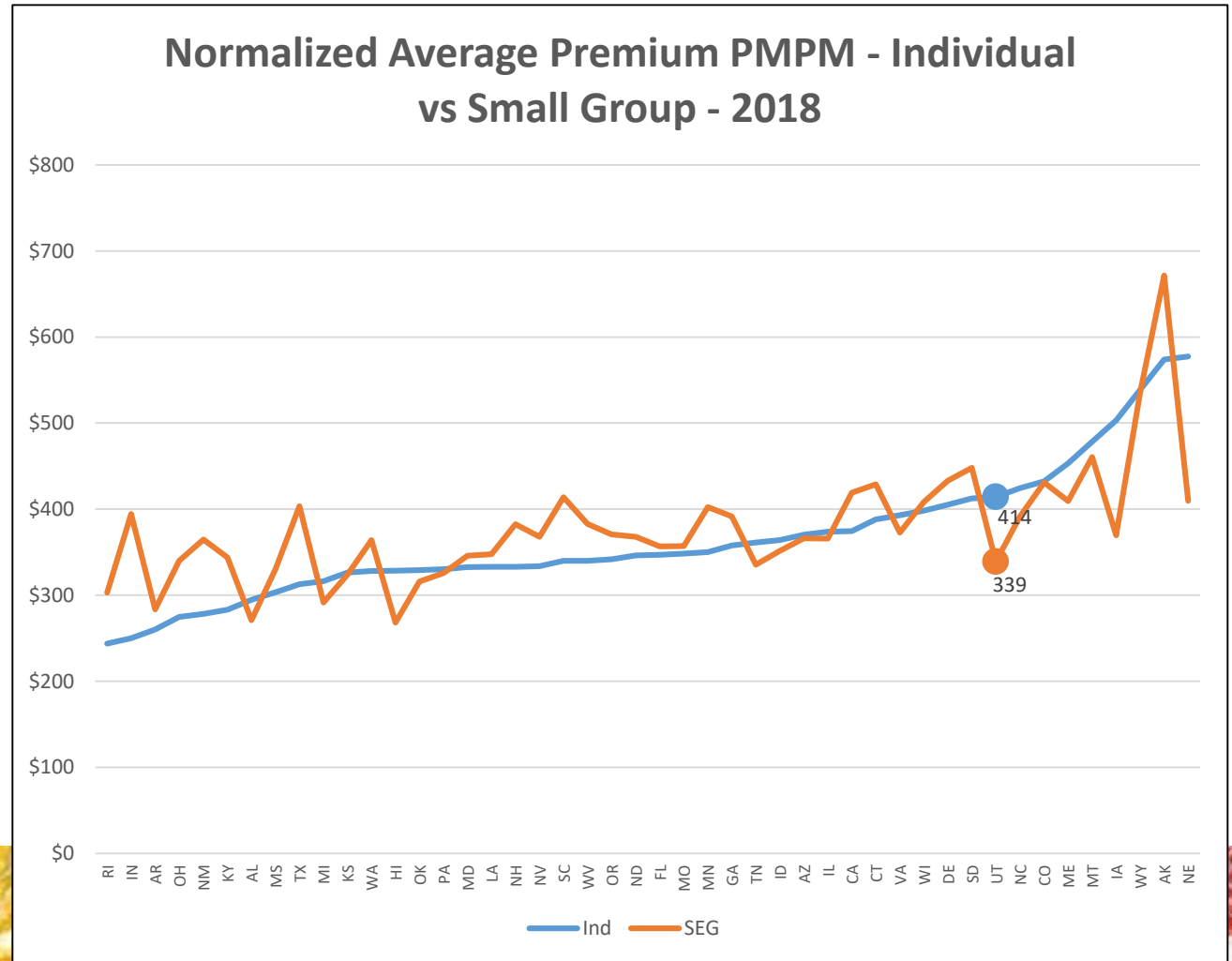
- Normalizes the Plan Liability Risk Score to 1.5
- Allowable Rating Factor (age) to 1 (i.e. age 21)
- Metal AV value to 70% (i.e. Silver)

• Source: Appendix A of Risk Adj report



2018 Utah Normalized Premium Relative to Other States

- Normalizes the Plan Liability Risk Score to 1.5
- Allowable Rating Factor (age) to 1 (i.e. age 21)
- Metal AV value to 70% (i.e. Silver)
- Normalized Individual premium now higher than normalized Small Group premium
- Utah premium moved from bottom 1/3 to top 1/3
- Source: Appendix A of Risk Adj report



State Required Benefits



- 45 CFR 155.170 – Additional required benefits
 - Benefit required by State action taking place on or after 1/1/2012 other than for the purposes of compliance with Federal requirements
 - Originally said, “the exchange will identify”
 - 2017 NBPP changed this to say, “the State will identify”
- 31A-30-118 – Cost of additional benefits
 - Originally said, “[The commissioner] may not establish or implement the process for submitting the payments to an issuer under Subsection (3)(b)(i) unless the cost of establishing and implementing the process for submitting payments is paid for by the federal exchange marketplace.”
 - Updated in 2019 to say, “ (4) The commissioner may:
 - (a) adopt rules as necessary to administer the provisions of this section and 45 C.F.R. 155.170; and
 - (b) establish or implement a process for submitting a payment to an issuer under Subsection (3)(b).
- 10/23/2018 CMS FAQ – Q2: May states use their discretion in determining whether a state mandated benefit requires defrayal?
 - A2: No.

Autism ABA Therapy Benefit



- 31A-22-642
 - Required coverage of ABA therapy in Individual and Large Group starting 2016
 - 2019 removed caps for age and hours of coverage. UID provided fiscal note showing estimated cost of state required benefits.
- Summer 2019 UID requested AG opinion to determine if this is a state required benefit under 45 CFR 155.170
 - AG opinion: Yes

Autism ABA Therapy Benefit



- As part of 2020 rating, we asked all individual market carriers to exclude the cost of the ABA therapy that will be defrayed by the state. Rates were reduced by this amount.
- Carrier estimates of ABA as % of premium ranged from 0.03% to 2.1%
- Experience on plans offered both On and Off exchange must be defrayed. Experience on plans offered exclusively Off exchange don't require defrayal.
- New Rule filed for how to defray: R590-283
- Total Utah Individual ACA market premium for 2018 = \$1,080,000,000.00

Autism ABA Therapy Benefit



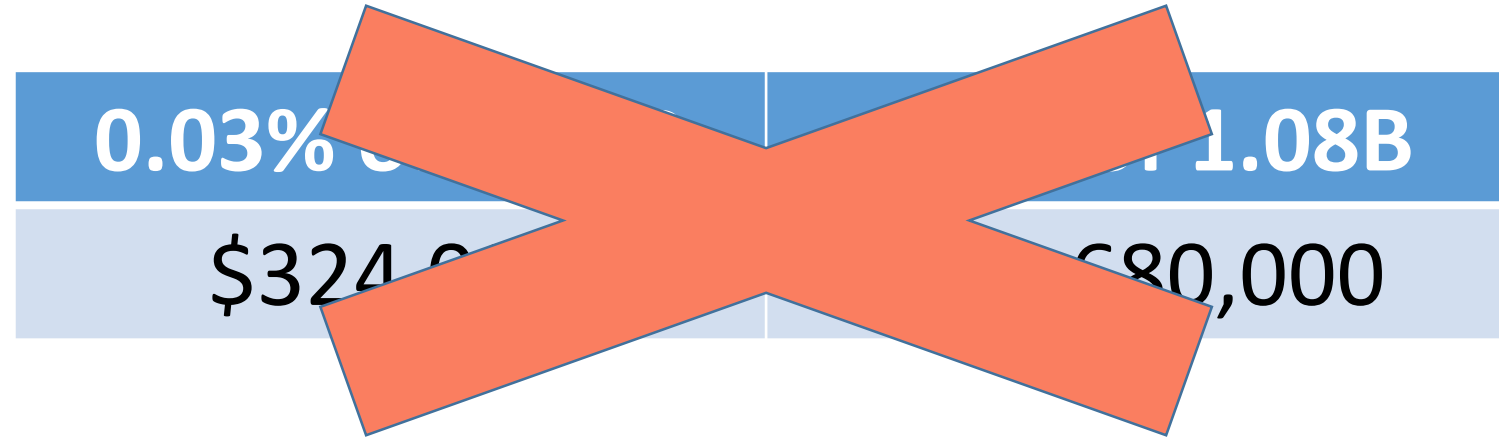
0.03% of \$1.08B

\$324,000.00

2.1% of \$1.08B

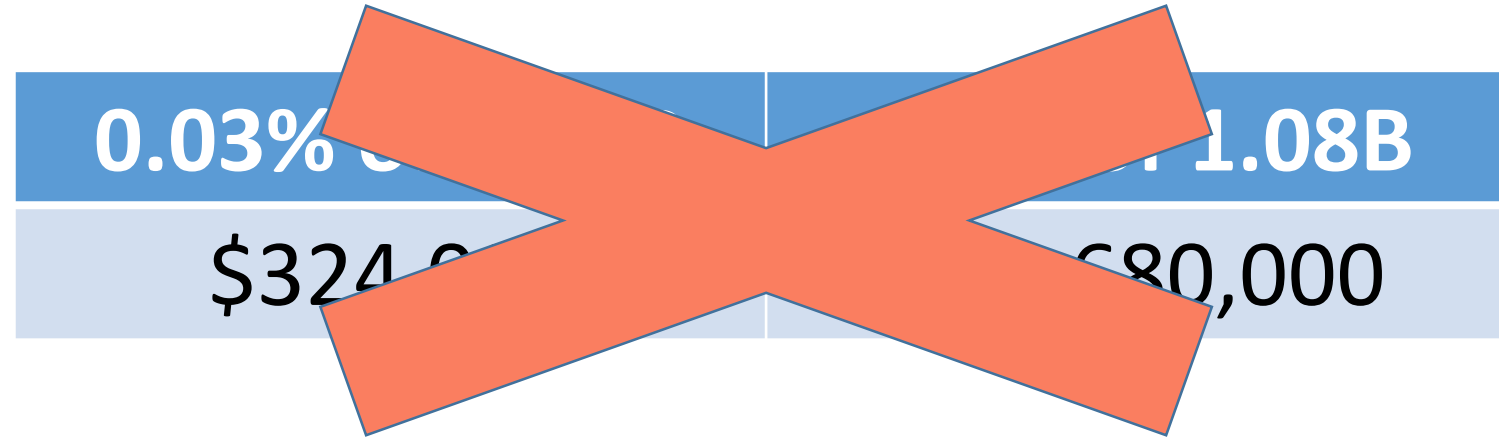
\$22,680,000.00

Autism ABA Therapy Benefit



Best Guess: \$1 or \$2 million

Autism ABA Therapy Benefit



Best Guess: \$1 or \$2 million

Caveat:



The case for standardized plans

- By 2021, 8 states will require some standardized plans in the Individual market

CA, DC, CT, MA, NY, OR,
VT, WA, ... **UT?**

- **Consumer Friendly**

- Comparability

- Choice overload – Behavioral Economics

- Manage benefits to

- Reduce deductible

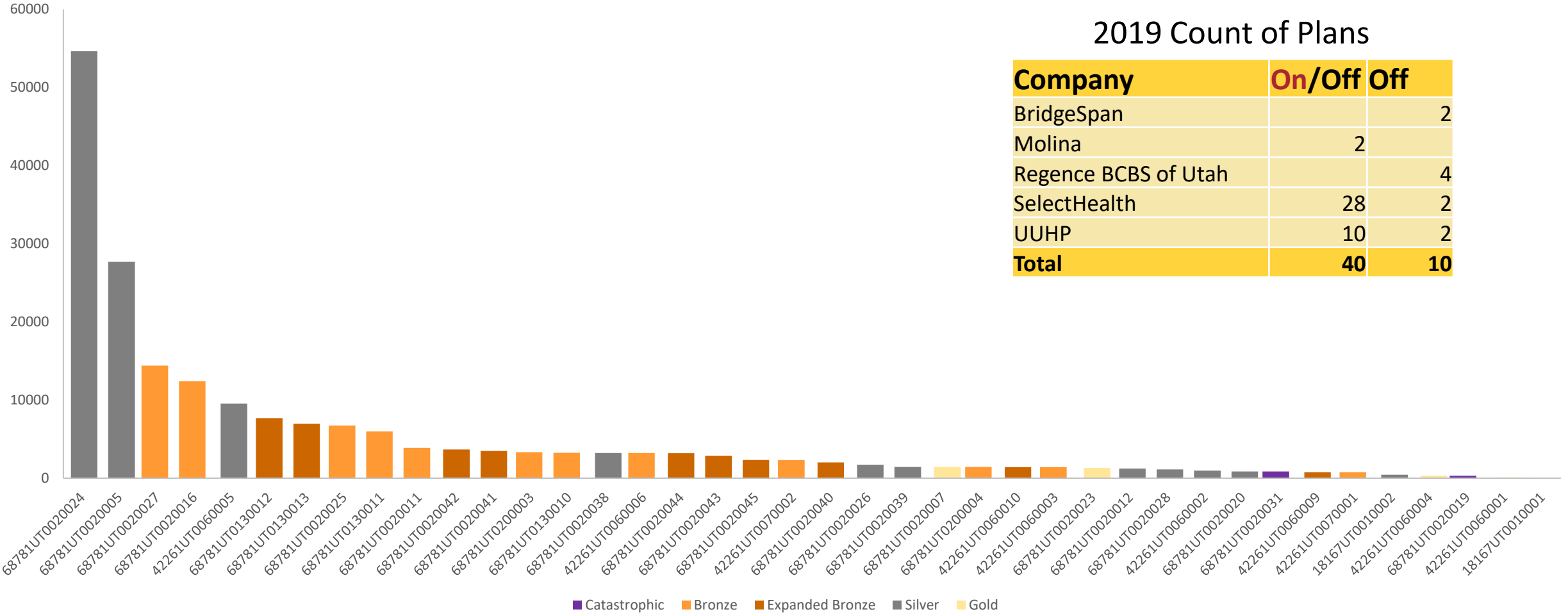
- Require benefits before the deductible

- **Easier to review**

- AV calculator same



2019 Individual Market On Exchange Enrollment by PlanID

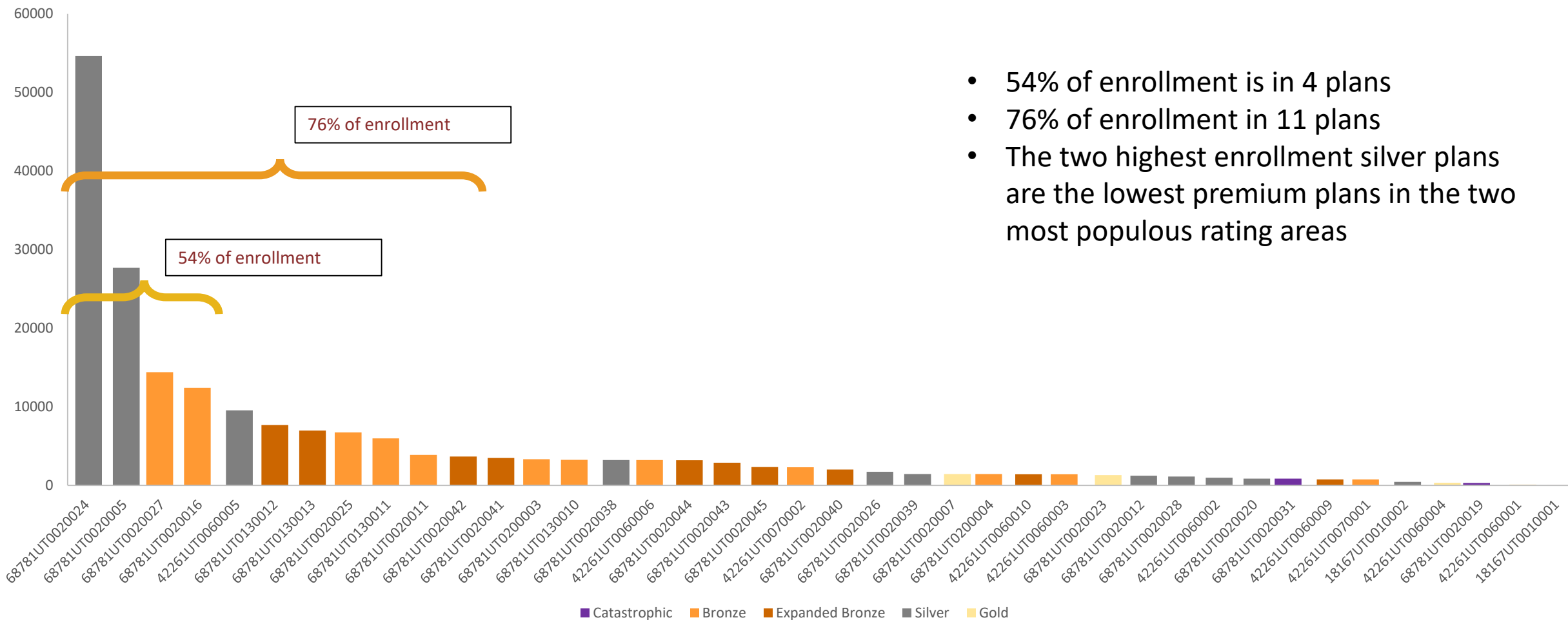


2019 Count of Plans

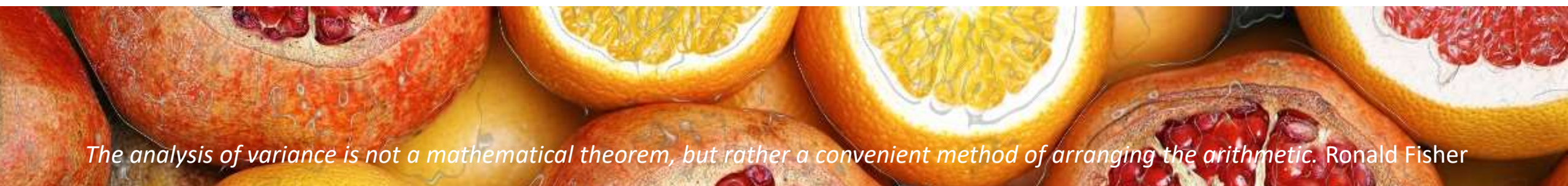
Company	On/Off	Off
BridgeSpan		2
Molina	2	
Regence BCBS of Utah		4
SelectHealth	28	2
UUHP	10	2
Total	40	10



2019 Individual Market On Exchange Enrollment by PlanID



- 54% of enrollment is in 4 plans
- 76% of enrollment in 11 plans
- The two highest enrollment silver plans are the lowest premium plans in the two most populous rating areas

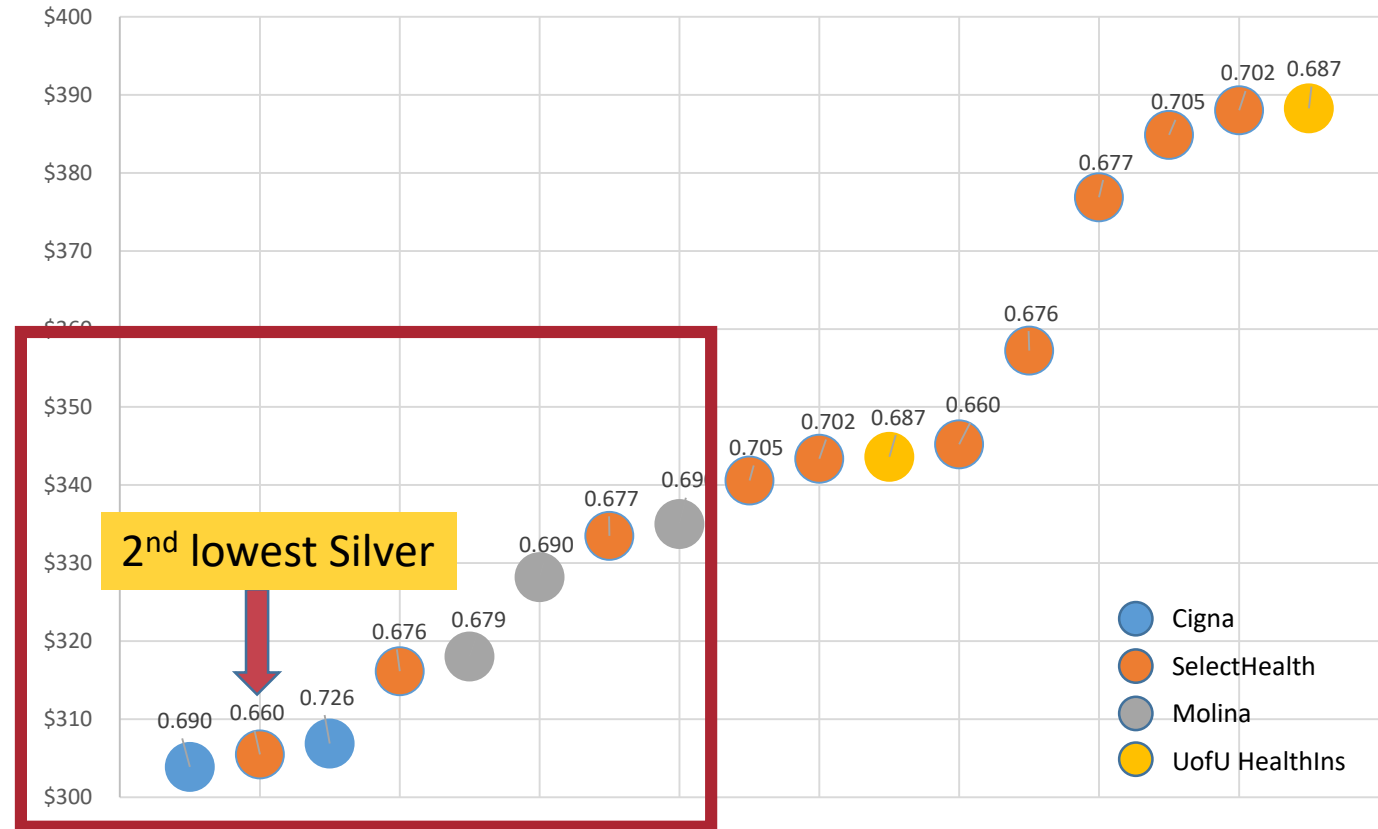


The analysis of variance is not a mathematical theorem, but rather a convenient method of arranging the arithmetic. Ronald Fisher

The case for standardized plans

- Optimizing federal funding
 - 2nd lowest silver determines PTC
 - 2018 change -4%/2% for silver
 - Allowing lower AV values on silver on exchange leaves PTC on the table
 - NY limits silver AV to 70%-72%

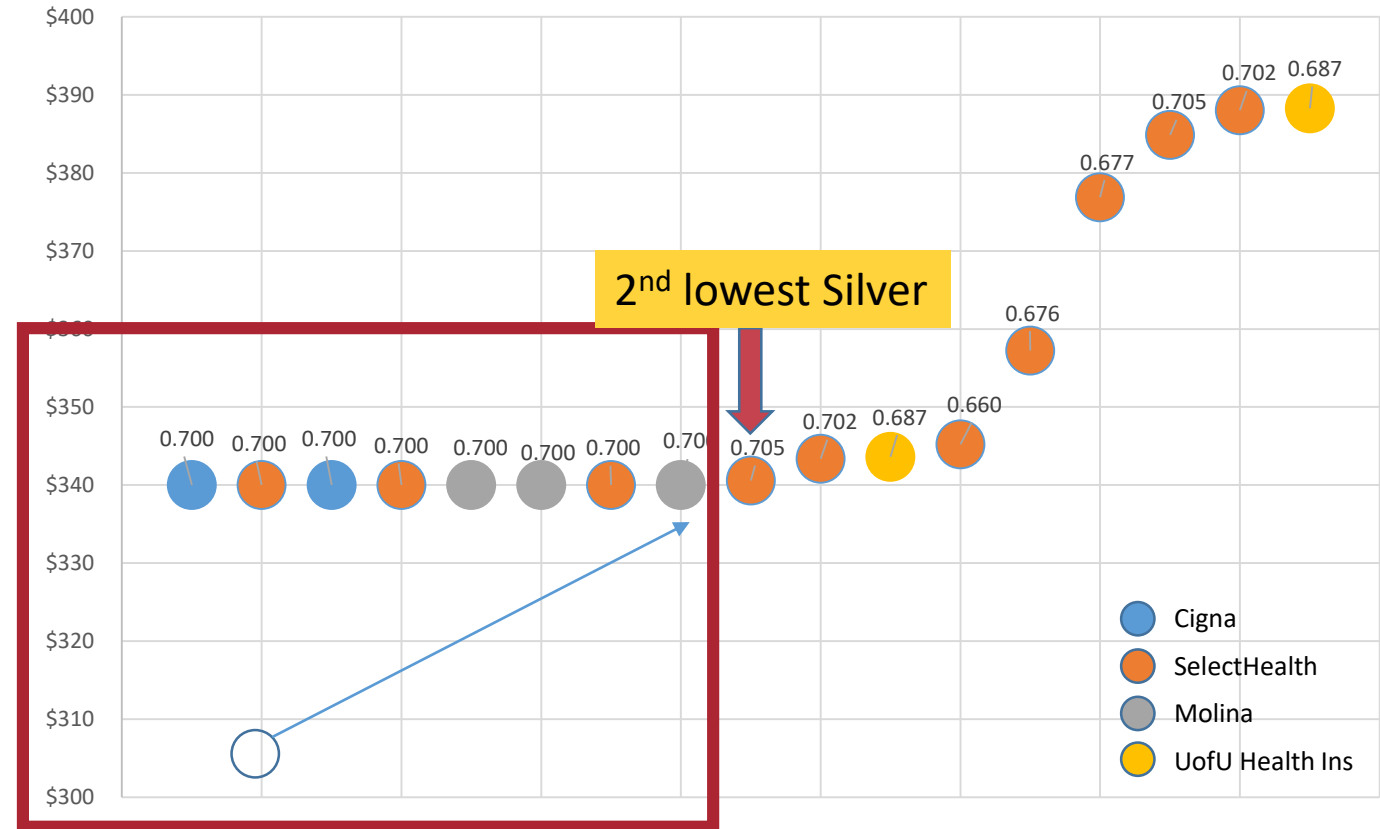
Age 21 non-smk Salt Lake County On Exchange Silver 2020



The case for standardized plans

- Compresses the silver plans – less incentive to look only at price
- Increased 2nd lowest silver means more federal dollars in form of APTC
- This is simplified for illustrative purposes just to show that there is compression of the silver plans. The actual compression would be less than this.

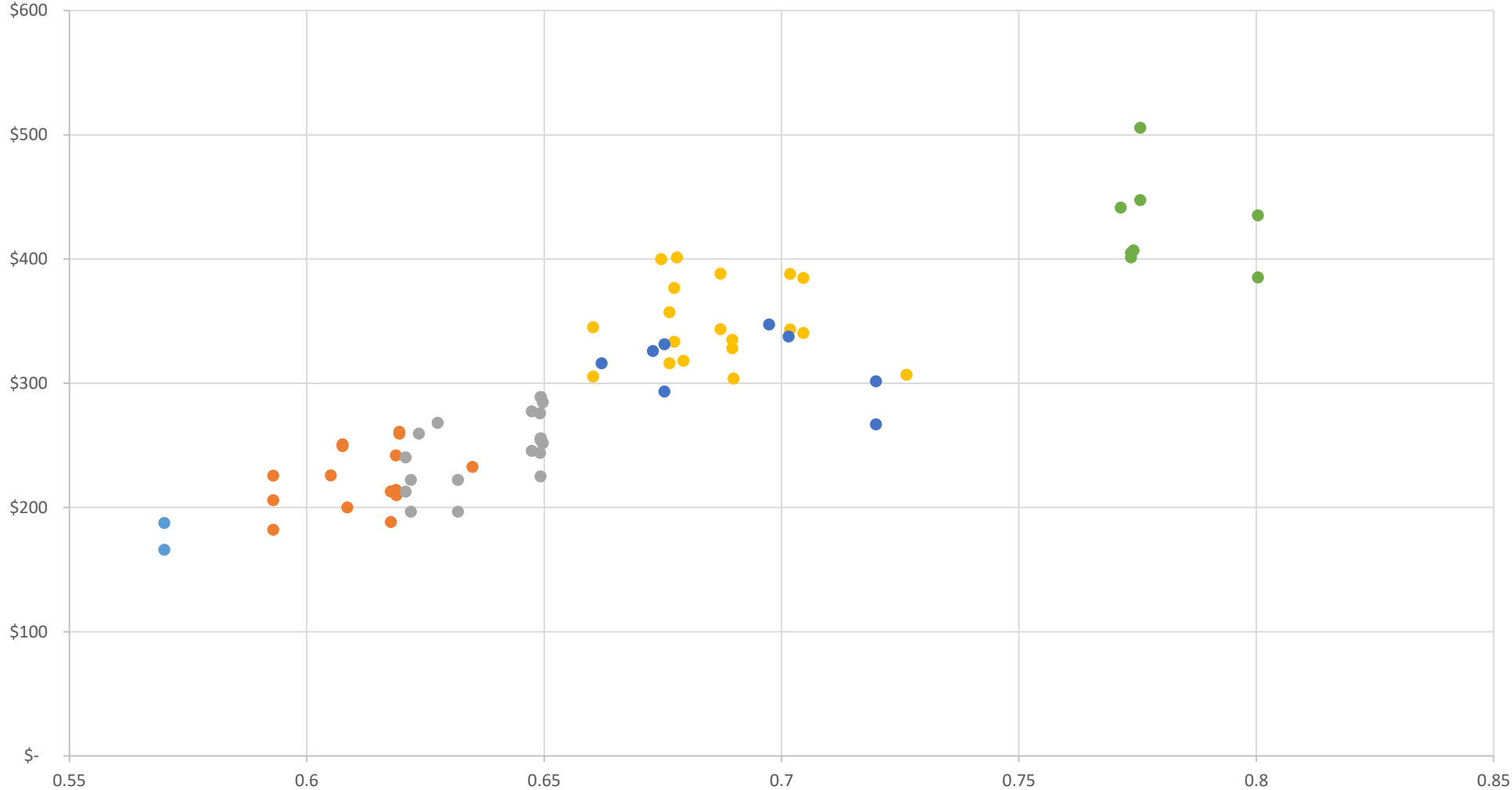
Age 21 Non-Smoker Salt Lake County On Exchange Silver 2020



2020 – Individual Market – Actuarial Value vs Premium

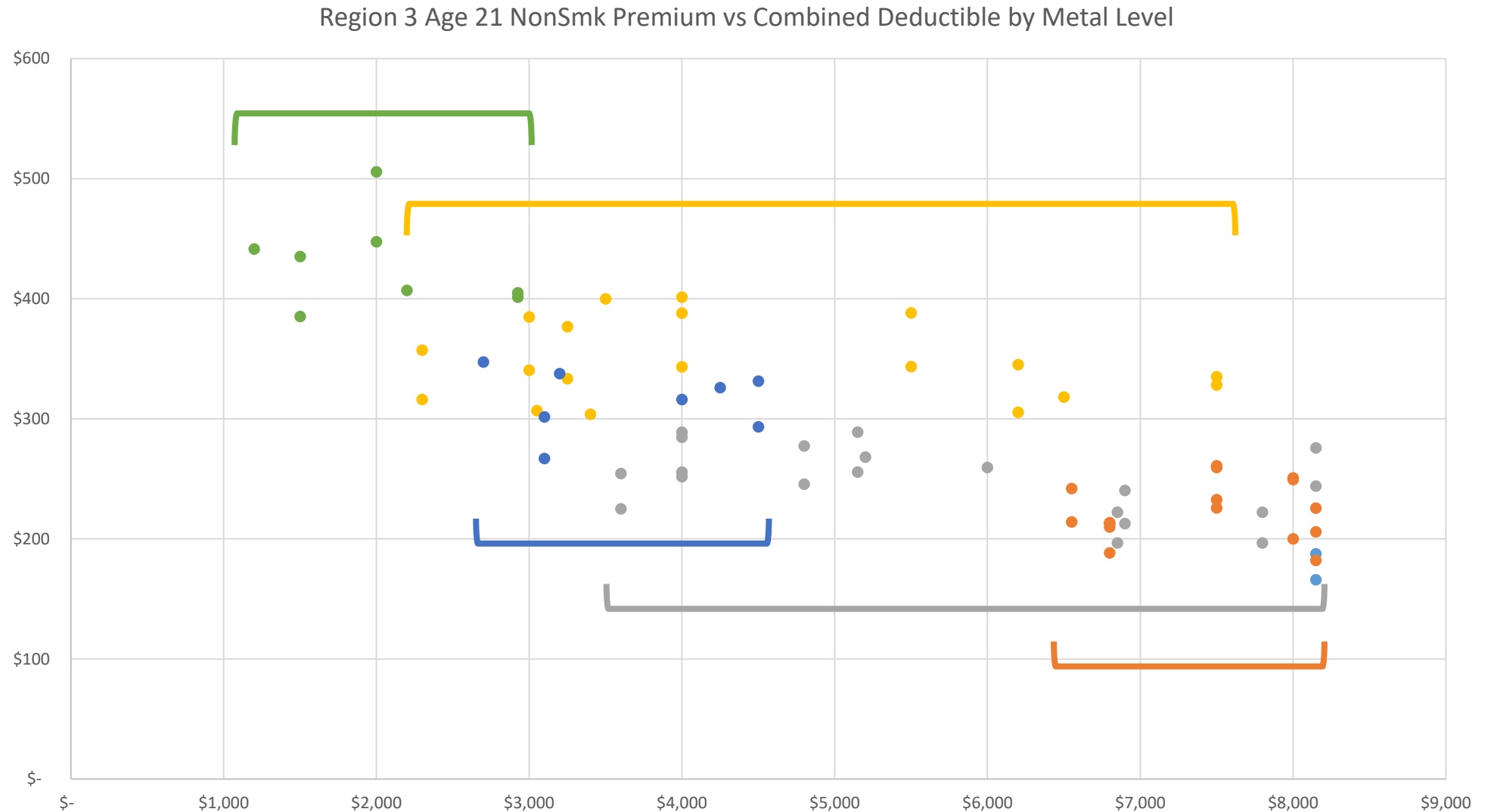
- Catastrophic
- Bronze
- Expanded Bronze
- Silver On
- Silver Off
- Gold

Region 3 Age 21 NonSmk Premium vs AV by Metal Level



2020 – Individual Market – Deductible vs Premium

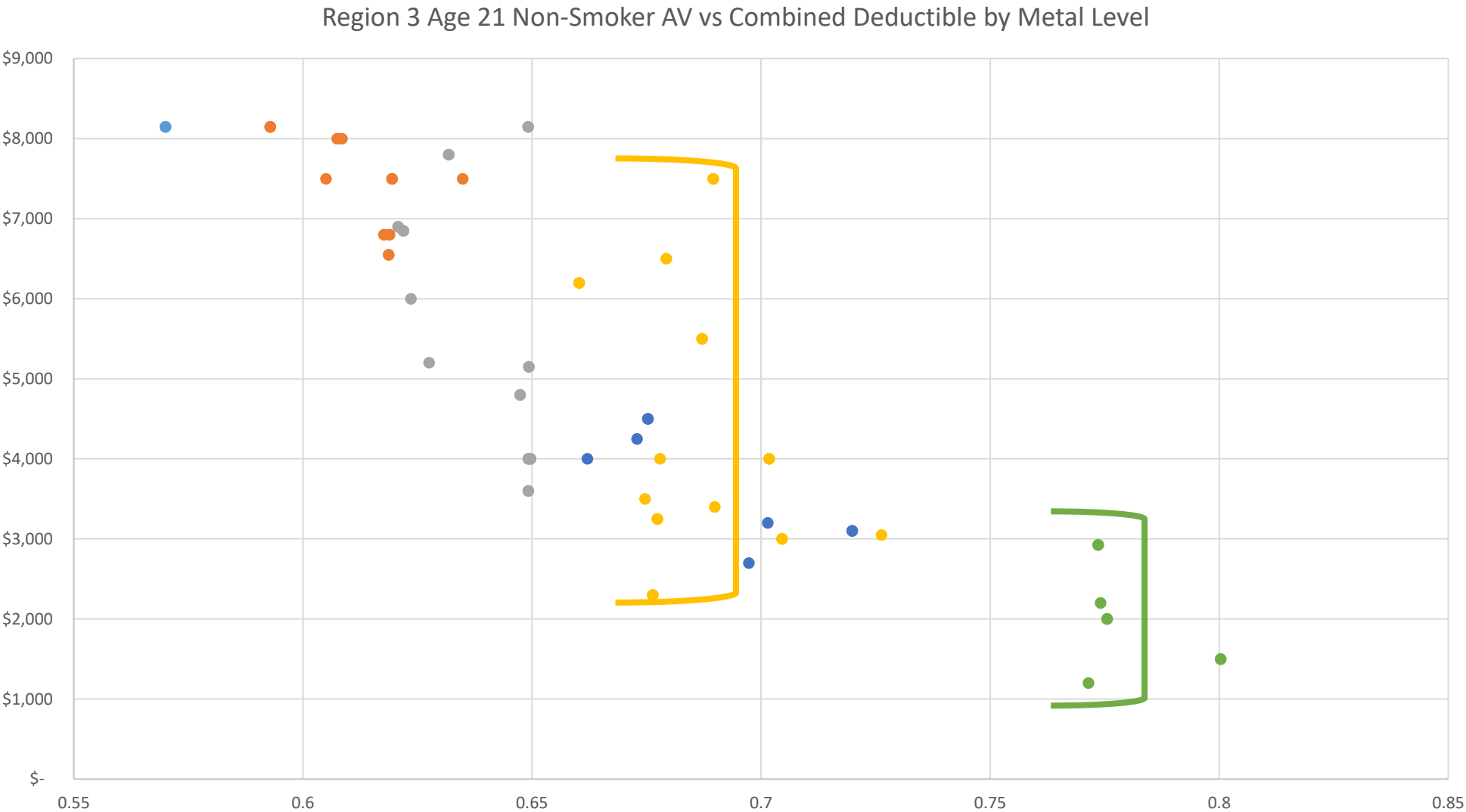
- Catastrophic
- Bronze
- Expanded Bronze
- Silver On
- Silver Off
- Gold



This is the individual deductible, not the family. If there was a separate medical and rx deductible I combined them.

2020 – Individual Market – Actuarial Value vs Deductible

- Catastrophic
- Bronze
- Expanded Bronze
- Silver On
- Silver Off
- Gold



This is the individual deductible, not the family. If there was a separate medical and rx deductible I combined them.



Potpourri – czyli groch z kapustą



- State-Based Exchanges
- 1332 Waivers (next task force)
- Individual Market Contingent Wellness Plan
- Public Option



ACA ballad (with apologies to Gordon Lightfoot)

Opinions expressed in the ballad are not those of the Utah Insurance Department, the Commissioner, and not even of the lyricist.

All pictures came from www.pexels.com

A new healthcare bill really tested the will
Of the hundred and eleventh congress.
While some folks, it's true, read it all the way through
Others didn't because of it's longness

Now without Kennedy Supermajority
In the Senate was not for the taking.
The Democrats said, use the budget instead
And with that came a law in the making.

The President signed and it took little time
For opponents with lawsuits to axe it
But Judge Roberts mused mandates cannot be used
But it's perfectly alright to tax it.

CO-OPs 24 came through the ACAs door
With needed market competition.
But risk corridors slashed that number to 4
When congress made no allocation.

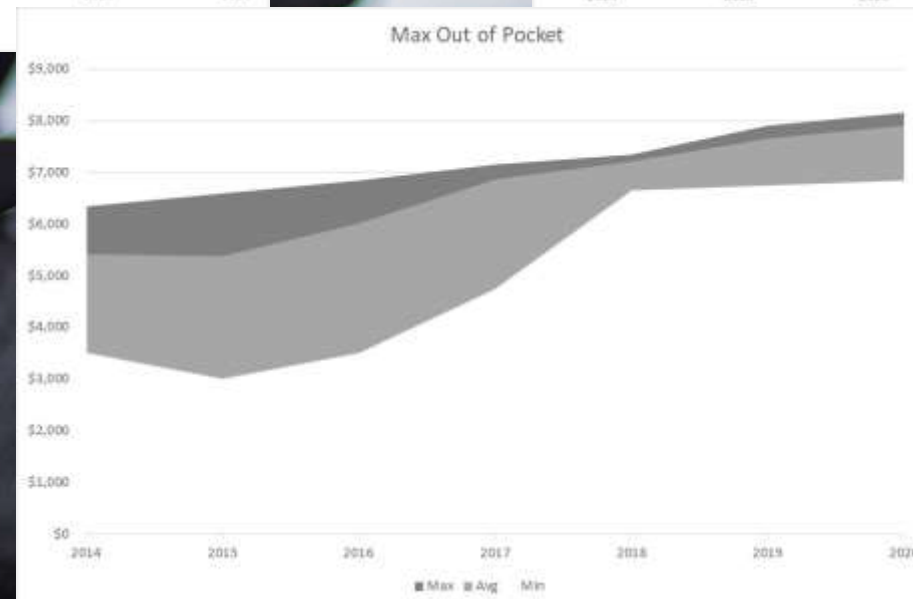
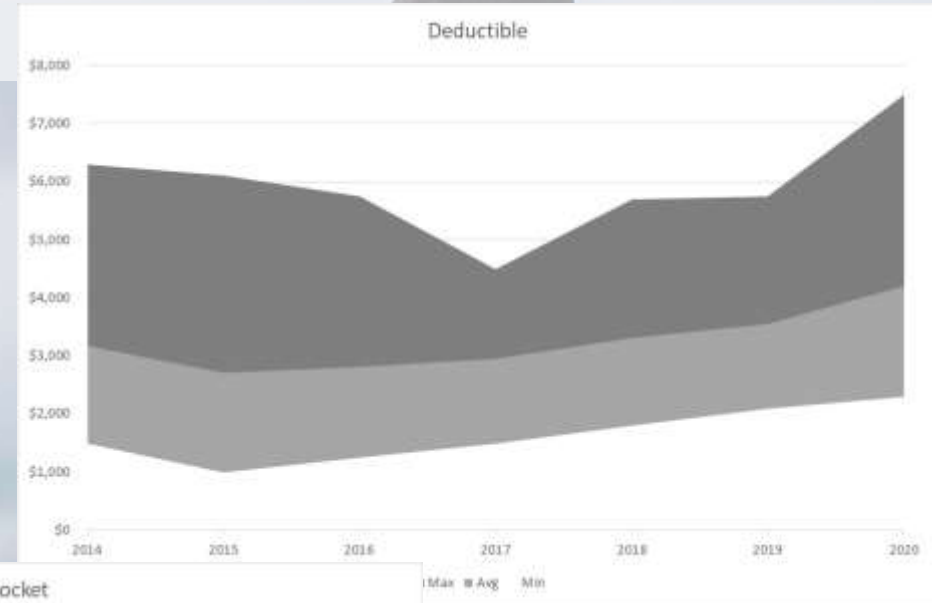
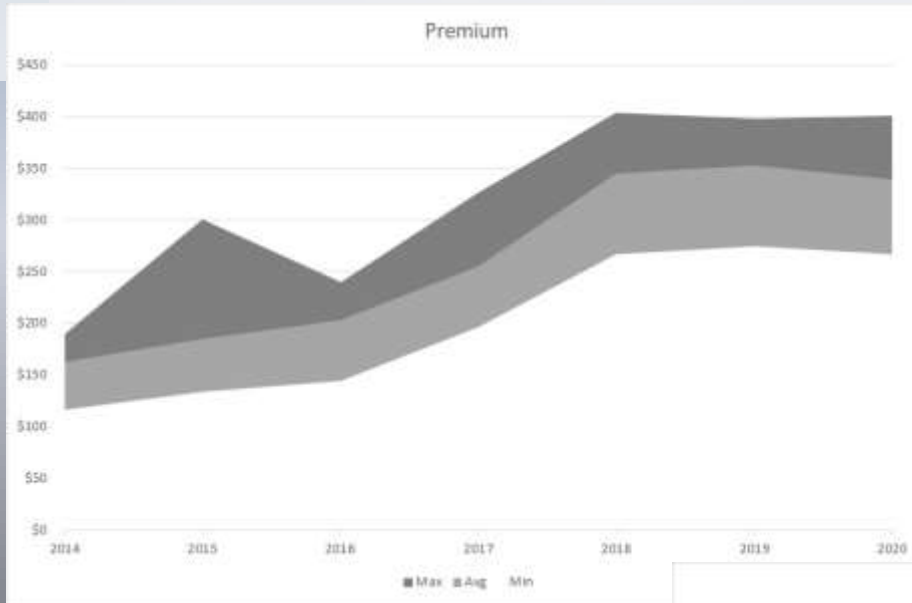
Does anyone know where transitionals go
When the feds finally say that they're ended?
"If you like your plan, you can keep it young man."
Is this what Renegade had intended?

Some people said PPACA would be dead
When Republicans won the election.
But repeal and replace kind of fell on it's face.
People love pre-existing protection.

A health ministry may be all that you need,
But don't come look to me with complaints.
The company said that your claims would be paid
If you're Christian – not Latter-day Saints.

A decades gone by and I'd sure like to try
To move on and to show some maturity.
Can we fix somethin' else that we have on the shelf
Like reform for that social security?

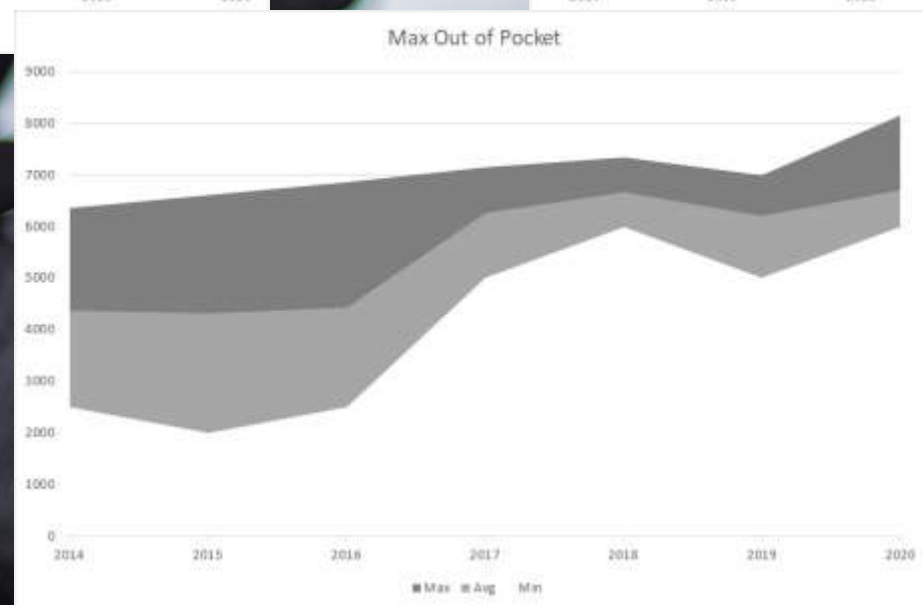
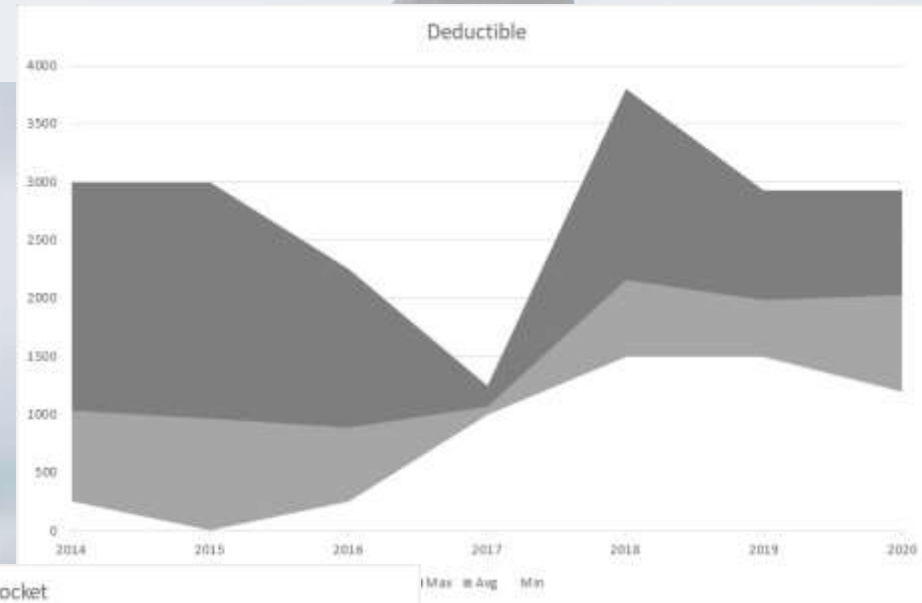
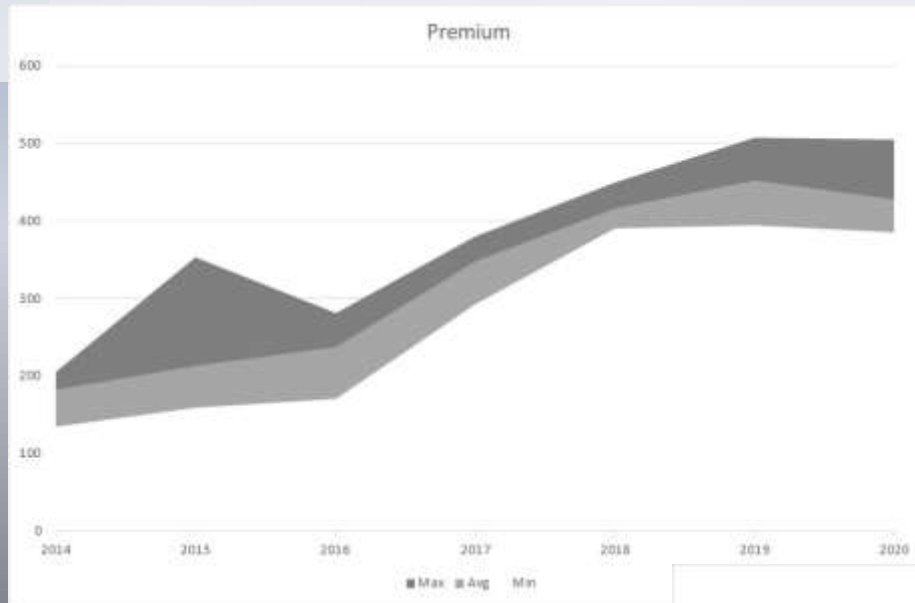
Individual – Silver Premium / Benefits Over Time



Age 21 non-smoker rates
blend of rating area 3 and 5

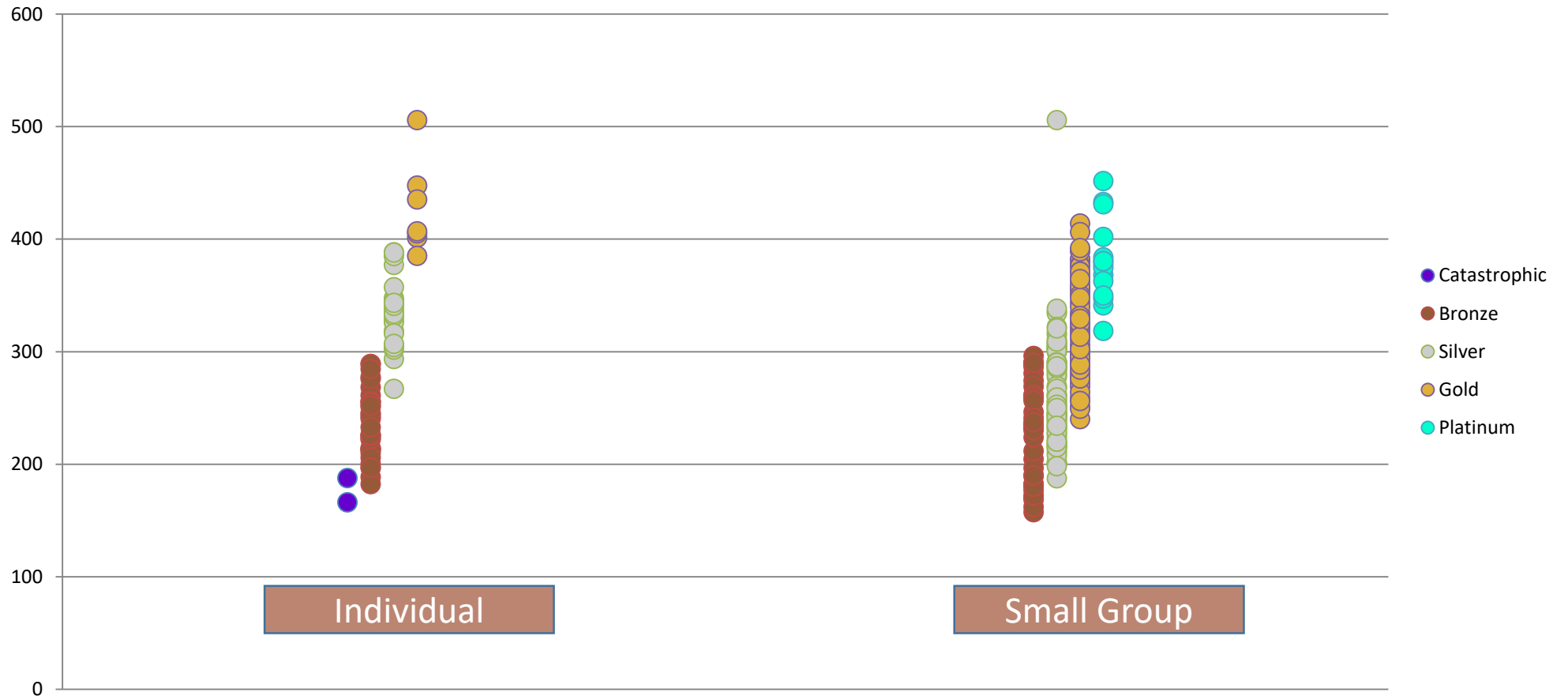
Keep in mind CSRs limit the cost sharing
for many silver level enrollees.

Individual – Gold Premium / Benefits Over Time



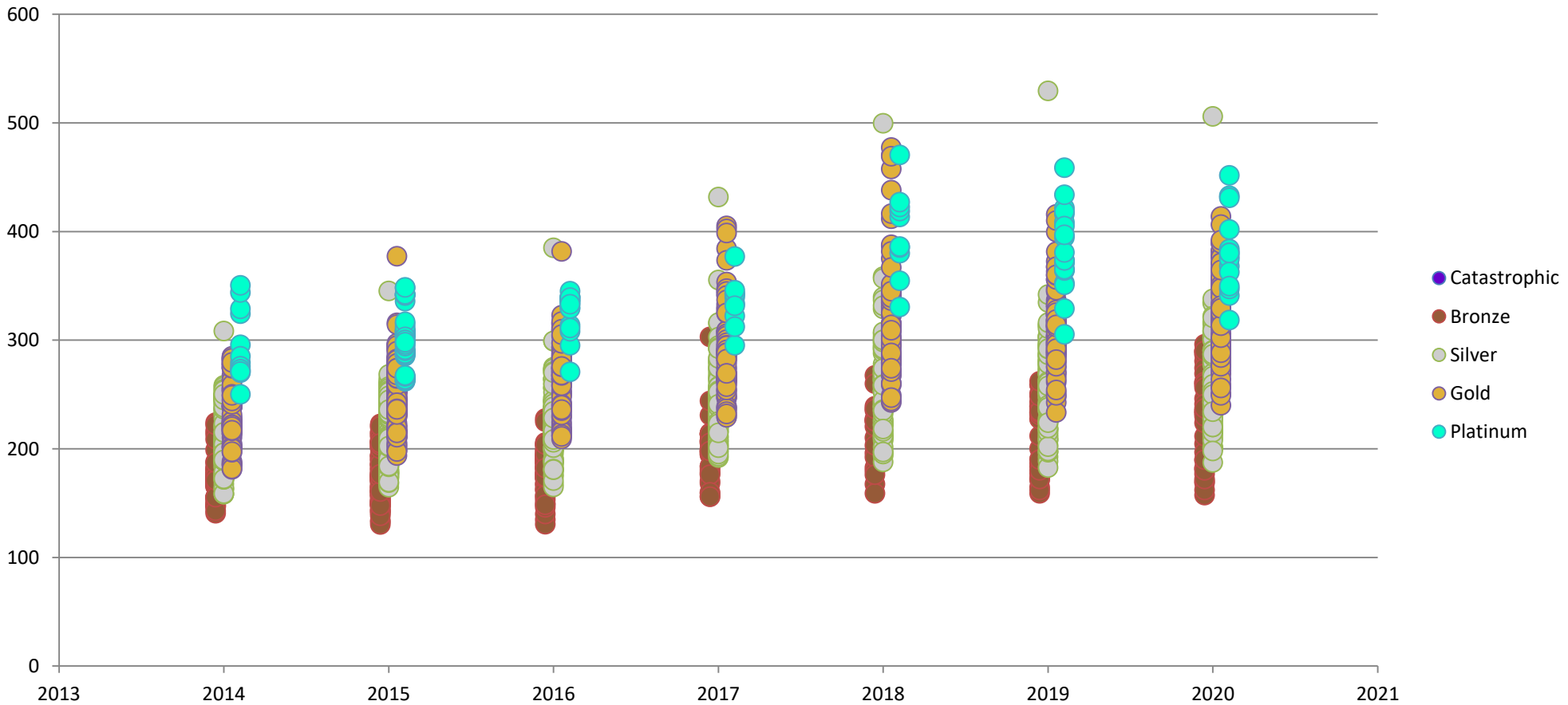
Age 21 non-smoker rates
blend of rating area 3 and 5

2020 Premium – Individual vs Small Group



Salt Lake County, Age 21, Non-Smoker On & Off Exchange

Small Group Premiums – by Year



Salt Lake County, Age 21, Non-Smoker On & Off Exchange Premium

2020 Premium – Small Group by Carrier

