

**DOI Notes**  
**October 19<sup>th</sup>**  
**2018 Health Insurance Premiums**

**DOI Process on Rate Setting**

Carriers filed rate summer of 2017. It was later than usual due to uncertainty with federal government. And they filed two sets of rates. From federal decision last Friday, there will be an average 33.4% (42%-27% range) increase in Colorado. Twenty-two percent of people in the individual market will need to find a new plan. On exchange, no subsidies will see \$508/month on premiums. There will be opportunities to find lower priced plans.

Subsidy plan people will have a higher subsidy of 68% and price will not change. Auto-renew of subsidies, 20% decrease but West will see 10% rate increase. Switching to lowest cost plan can decrease premium by 15%.

**Addressing Premium Costs:**

Medical costs are high. There are drastic cost differences depending on geographic areas. SB17-300 requires the DOI to study a high cost reinsurance program and will follow up with more detailed findings later this year. We are looking at establishing a program similar to Alaska to subsidize payments by carriers for high cost claims. We also want to encourage competition and to work with existing and new carriers to expand service areas and product lines.

Rate Filings-Data Required from Carriers include monthly claim trend data, risk adjustment information, pricing assumptions, and more found on Colorado Regulation. This year there were challenges due to uncertainty on the individual mandates, risk adjustment methods, cost sharing reduction funding, and what carriers will be in the market.

DOI began a deep analysis were completed on geographic area rating, risk adjustment data, medical and pharmacy claims, special enrollment, and targeted ACA exams on four companies.

**Colorado Association of Health Plans Overview:**

We are seeing a struggle to keep up with costs of care and premiums are a reflection of that. We know that by looking at the medical loss ratio. Eighty cents of every dollar taken in by carriers has to go to cover costs of services. If that margin is exceeded members can get a rebate. In Colorado we are seeing for every \$1 taken in we are paying out more than \$1, often \$1.12. There has been a loss of \$300 million in Colorado by carriers in the last three years. Despite these continued losses, carriers want to stay in Colorado to provide services for the people of Colorado. However, these losses are unsustainable. We want to bring down the cost of care and the market will not be stable until we find policies to achieve that goal.

**Anthem:** The amount of people in the individual market has fluctuated each year. In addition, the uncertainty in the state and federal level impacts the behavior of the market. We have to set rates by line of business on stand on their own and we have to look at the factors impacting what 2018 will look like. We are glad we made the decision to stay in all counties in Colorado. Health insurance is expensive because the underlining costs are high, especially with the specialty drug market; changes in demographics are also a factor. We have introduced a number of network choices that are smaller and increases access through telemedicine. We support the reinsurance task force. We are committed to the market and are looking for a stable, competitive market.

**Bright Health:** This is first year of operation in Colorado. We have 11,000 members. We partnered with Centura to build a health care footprint. We can better promote the patient and physician relationship. Our goal is to keep long term costs down by looking at prevention and wellness. We use data and technology to promote efficiency and convenient access. Our 2018 rate, we had little data experience at the time. We had to look at industry and market based data from the macro level. Next year we will be able to look back at our experience to set rates for 2019.

**Cigna:** We are working to address the rising costs each year. Affordability is part of our values. We think data should be shared and to create a more uniform approach throughout the industry to improve health of consumers. We would like to improve experiences of our patients and serve the needs holistically. We are personalizing our health plans with a local focus. As transparency increases by knowing the cost of care, the consumer will benefit.

**Denver Health:** We had an increase with year of 26%. We are a small player in this market. We are a nonprofit. We look at the entire market and looking ahead at the plan year to see what will come our way. Our medical loss ratio for small plans, \$.91 out of every dollar went to services. That is a good result for us.

**Friday Health Plans:** We are a new health plan in Colorado and acquired Colorado Choice. We are expanding service areas. We are also a small plan and risk adjustment uncertainty affects costs because it is difficult to get the price right at by the deadline. We are trying to incentivize healthier people into the pool to show they can get value from their plan.

**Kaiser:** Our rates are only seeing an increase of 3%. These rates are affected by age, geography, tobacco use, and plan design. The individual marketplace is unique in Colorado. We need to look at where the risks are in Colorado like healthier people leaving the market and morbidity. The prices we set also depend on how many patients we will have in the system and utilization.

**Rocky Mountain Health:** We are committed to Colorado and have been for forty years. We are very focused on access and affordability. We had the lowest average rate increase of 12%. We used to have dozens of product in Colorado that have not worked. The one product that remains does work. The model is clinically integrated care.

**Public Questions:**

*Data on who is using individual market?* We are seeing the individual market that people are constantly coming in and out of that market. Younger adults and those that are healthier are not enrolling during open enrollment. Those that do come in are episodic. We have a 90 day run out for those that do not pay their premiums before cancelling their plan.

*Is mental health care adding or subtracting to your costs?* It is good for us and keeps people out of hospitals. The challenge is can we get enough professionals in the state to provide services. We need to make sure we have adequate networks and we have been challenged with mental health professionals in the network. We are also looking at telemedicine to improve access and address stigma. *I am hearing from psychologists, that the rate given by insurance providers are far less than the going rate. We have plenty of providers in the community but they may not want to accept insurance. We also want to know the price and if it really increasing why is it different in geographic areas. We want to see legislation to address this.* The more we reimburse providers for their work, the more we need to

increase premiums and that is a balance carriers struggle with. We need to think about what a fair rate is.

*Will there be legislation in 2018 to bring relief to the Western slope?* The DOI do not typically bring forth bills but those legislators should be addressing that.

*Sen. Donovan: Telehealth is good but many areas don't have broadband.* Telehealth does rely heavily on the availability of technology. Telehealth can be as simple as a phone call.

*Can you break down our 31% increase? What is the one strategy you think we should try to do?* Rocky Mountain: The medical loss ratio is not the same as profit; it is what we have to pay out to providers. The balance is our administrative cost which incorporates a lot of responsibilities. Part of that challenge is we are looking for immediate solutions when quick fixes are not available. Let's get to work on long term solutions. Kaiser: Documents are available on the state's website to see what goes into those rates.

*An increase of 30% is not sustainable for people. This is getting worse. What can we do locally to become part of the solution? The human impact is huge.* Colorado Association of Health Plans: We want to provide as much care as we can. We are not enthused about the increases but they are inherent to our ability to provide coverage throughout the year. If carriers are not adequately cover their costs they will not be able to exist the market at all.

*There is an effort to pursue a single geographic rating and it will bring more people into the pool.* DOI: We have looked at that for several years and that would mean a single fee for hospitals. Maryland has a model where board sets the fee for hospitals and have been able to reduce the costs. (Costs commission presentation\*\*). It is not a mystery of what is causing this; we need to get to the cost.

*Last year we had a variety of different bills that looked at many areas and still the legislators couldn't get it done. In Summit County we are looking for ways to give tools and resources to fix these issues. Help us find solutions.*

*CCHI: The public relies on the DOI to protect the public. We would like to see a public forum before the rate filing process. We would also like to see a more simple way for the public to submit comments and to know they were received and considered.*

*I am extremely pissed off at Kaiser for raising my rates. You all seem apathetic. This needs to be fixed now. Who is going to fix it?* Colorado Association of Health Plans: These are not simple fixes and hold public forums. We do not have control on how providers and drugs cost. *I don't know if this information is true and I don't care. I give you my money and these increases are ridiculous. You have said you need more healthy people. I am a healthy person but something bad may happen like a car accident but there is no incentive when I am paying 80% of the cost to see the doctor in the first place. If you want healthy people to go to the doctor you need to fix that. Whatever you have been doing has not been working. I expect you to fix it.*

*CCLP: The IRS announcement they will enforce the individual mandate, how much did that impact rate filings? What do you think about services before deductibles are paid?* Colorado Association of Health Plans: We are open to all conversations but we need to remember the more things we are asked to cover the higher the premiums are. *If people forgo care because they cannot afford it, it may result in*

*more hospitalization and be more expensive for the carriers.* Friday: We will need more freedom in product design but have little room to work-the more we give the more we take away in other areas. Kaiser: We see the underlining risk pool is worsening and are unsure why and have to price for that. Kaiser offers a plan that is copay driven and very few people buy that plan.