

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 115013
)	
GOLDEN RULE INSURANCE CO.)	DECISION AND ORDER
2023 INDIVIDUAL HEALTH INSURANCE)	
RATE)	
)	
)	

NOW THEREFORE, the Commissioner has taken up for consideration the 2023 pre-ACA individual health insurance rate of Golden Rule Insurance Company (“Golden Rule”). Being fully informed, the Commissioner enters the following decision and order:

FINDINGS AND CONCLUSIONS

1. On June 10, 2022, the Iowa Insurance Division (the “Division”) received an annual individual health insurance premium rate filing (“6/10/22 Rate Filing”) for Golden Rule plans qualified as “Grandfathered” and “Transitional” under the federal Patient Protection and Affordable Care Act (“ACA”). Golden Rule proposed a uniform 14% base rate increase for the plans, effective January 1, 2023, covering approximately 1,700 lives at the time of the filing.
2. The standard of rate review for any health insurance rate review requires a determination that the rates are not inadequate, not excessive, and do not unfairly discriminate. Further, the rates must be actuarially sound.
3. For any health insurance rate increase proposal, the review involves analyzing the carrier’s experience (premiums vs. claims), trend (the growth in the cost of the claims caused by unit cost increases along with utilization increases), and other assumptions to determine if the rate increase proposal is actuarially justified. The review employs sophisticated procedures, forecasting models, and scenario testing to gauge the reasonableness of the proposal. The type of analysis utilized, the procedures and methodology, and overall process have developed over a

period of many years. Shortly after the passage of the ACA, an actuarial consulting firm (The INS Companies out of Philadelphia, PA) conducted an in-depth analysis of the Division's rate review process and found it to be thorough, reasonable, and actuarially sound.

4. The proposed rates would cause an average premium increase of \$54 per month, resulting in a 2023 projected average monthly premium of \$44 up from the current average monthly premium of \$387. This is an average based upon all members, all age groups, all benefit plans, all geographic regions, etc.

Actuarial Review

5. Pursuant to standing directive of the Governor, and in accordance with Iowa Code § 505.15, whenever any health insurance company that conducts business in Iowa submits a health insurance premium rate increase request to the Division, the Commissioner may utilize an independent, qualified third-party actuary to conduct a secondary review to determine the adequacy and appropriateness of the proposed rate. The Division has standing contracts with several actuarial firms, and selected Magnum Actuarial Group to perform the independent actuarial review. Specific tests and criteria used to determine the validity of the request is outlined in the report. The independent review is performed simultaneously with the statutorily required Division in-house review.

6. The Commissioner reviewed the actuarial report from Magnum Actuarial Group. The Commissioner also consulted with financial and actuarial staff within the Division prior to issuing this decision and order.

7. The actuarial reviews conducted by the Division and Magnum Actuarial Group reveal Golden Rule's untrended past loss ratios for these blocks have averaged 82% over the last seven years. In the absence of a rate increase for calendar year 2023, the Division projects a loss ratio

of approximately 90% which significantly exceeds the 80% minimum. Magnum Actuarial Group also projects a loss ratio of approximately 90% assuming status quo premiums.

8. The Division trend models justify a trend growth rate of approximately 11% based upon a review of the per member per month claims and adjusted loss ratios.

9. With the current loss ratios and the growth of claims of approximately 11%, the Division projects a medical loss ratio of approximately 82% should the Commissioner approve a 14% increase.¹ Magnum Actuarial Group's projected medical loss ratio is approximately 82% if the 14% increase is implemented.²

10. If approved, Golden Rule's 06/10/22 Rate Filing at 14% will generate rates that are actuarially supported and are actuarially sound.

Public Comment and Rate Impact Considerations

11. The Commissioner's decision is not limited to actuarial considerations in the record, and may be informed by his experience and specialized knowledge of insurance and the market.

12. Iowa Code § 505.19 requires the Commissioner to hold a public hearing on any proposed health insurance rate increase (for individual medical insurance) which exceeds the average annual health spending growth rate as published by the Centers for Medicare & Medicaid Services. The current threshold percentage is 5.4%. A hearing on the proposed rate was scheduled for and held on Saturday, August 20, 2022 at 9:00 a.m. at 1963 Bell Avenue (Mississippi Conference Room), Des Moines, IA ("08/20/22 Hearing").

13. When the ACA was enacted it allowed "Grandfathered" plans. When the ACA was implemented, additional "Transitional" plans were allowed by executive action. These are closed

¹ If the proposed increase is too aggressive which causes the company medical loss ratio to dip below 80% over a certain time period, affected Iowans could receive a rebate under Federal law.

² Please note, the Division makes a clear distinction between 'loss ratio' and 'medical loss ratio.' The term 'medical loss ratio' is a Federal term and allows for the deduction of certain taxes and fees from the premium in the formula. Consequently, the 'medical loss ratio' will always differ (and be higher) than the 'loss ratio'.

blocks, meaning that those individuals who choose to keep their plans may do so, but new entrants into the individual health insurance market must join the ACA's individual market.

14. Attached below and incorporated by reference, are two charts that display data pertaining to the Iowa health market; including but not limited to: Grandfathered and Transitional plans combined, ACA compliant plans, and percentage of Iowans covered. The number of covered lives in the Golden Rule pre-ACA plans before us in this matter is now 1,700 statewide. Federal law prohibits new participants and these plans continue the downward trend in covered lives as the plans are under pressure well beyond simple annual increases in the health spending growth rate. This trend is not dissimilar from the trend across all pre-ACA plans. Although the number of Iowa policyholders in ACA compliant individual plans has been increasing in recent years, as nearly all consumers in ACA compliant individual plans are federally subsidized (with total premium subsidies in this market approaching 90% of total premiums in the market), in Grandfather Plans and Transitional Plans, which are not eligible for premium assistance and new covered lives are prohibited by federal law, the number of pre-ACA individual policyholders continues a downward trend.

15. Prior to the 08/20/22 Hearing, the Consumer Advocate for the Division solicited and received public comments on Golden Rule's proposed health insurance rate increases. Those comments are also available for review at the Division's website. Access to the 08/20/22 Hearing was available for those who wished to attend in-person and via Adobe Connect, which any Iowan could access online.

16. The written comments and testimony before and during the 08/20/22 Hearing indicate that Golden Rule's 06/10/22 Rate Filing rate increases are concerning for many policyholders.

17. Detailed information about the rate filing and public testimony is also available for public review on the Division's website: [Golden Rule Insurance Company Rate Hearing](#).

ORDER

Golden Rule's 06/10/22 Rate Filing is reasonable and actuarially sound. The Commissioner reviewed the actuarial reports from Magnum Actuarial Group and consulted with financial and actuarial staff within the Division prior to issuing this decision. The continued increase in health costs is concerning and numerous Iowans will be significantly impacted by this decision, but is supported by the past and projected experience.

Golden Rule's 06/10/22 Rate Filing does not propose rates that are inadequate, excessive or unfairly discriminatory.

THEREFORE, Golden Rule's 06/10/22 Rate Filing of 14% is approved.

SO ORDERED on this 14th day of September, 2022.



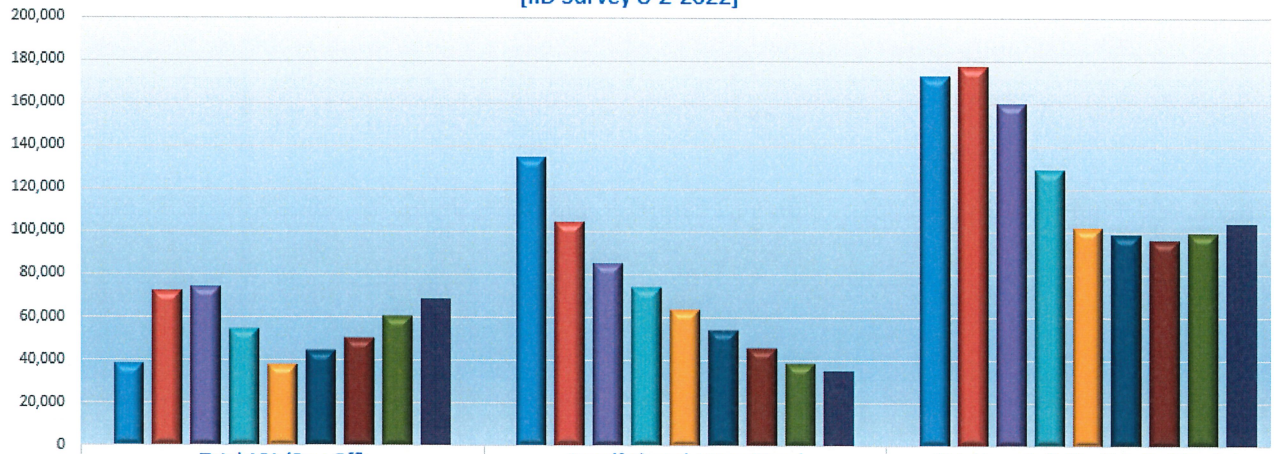
DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Iowa Total Health Coverage in 2021

Type of Coverage	Iowa Population 2021	
Employer (self-insured + other types not listed)	949,507	29.7%
Fully Insured Large Employer Group	303,551	9.5%
Fully Insured Small Employer Group	146,645	4.6%
Individual Coverage	98,836	3.1%
Uninsured	192,400	6.0%
Medicaid - CHIP	805,021	25.2%
Medicare	646,819	20.3%
Other Public [Military, Tricare, VA]	50,300	1.6%
Iowa Population (U.S. Census)	3,193,079	100%

Source: Kaiser Family Foundation (KFF), Centers for Medicare and Medicaid Services (CMS), National Association of Insurance Commissioners (NAIC), U.S. Census, and IID surveys

Total Iowa Individual Medical Insurance Market Size
ACA, Transitional, and Grandfathered Business
[IID Survey 8-2-2022]



	Total ACA (On + Off)	Grandfathered + Transitional	Total Iowa Individual Medical Market
■ 2014	38,524	134,796	173,320
■ 2015	72,802	104,510	177,312
■ 2016	74,790	85,146	159,936
■ 2017	54,427	73,977	128,404
■ 2018	37,884	63,859	101,743
■ 2019	44,192	54,054	98,246
■ 2020	50,267	45,467	95,734
■ 2021	60,166	38,670	98,836
■ 2022 6M	69,015	35,176	104,191

