



BEFORE THE IOWA INSURANCE COMMISSIONER

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IN THE MATTER OF:	)	Division File No. 118970
	)	
OSCAR INSURANCE COMPANY,	)	<b>DECISION AND ORDER</b>
2024 INDIVIDUAL HEALTH	)	
INSURANCE RATE	)	
	)	

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NOW THEREFORE, the Commissioner has taken up for consideration the 2024 ACA individual health insurance rate of Oscar Insurance Company (“OSCAR”). Being fully informed, the Commissioner enters the following decision and order:

**FINDINGS AND CONCLUSIONS**

1. On June 12, 2023, the Iowa Insurance Division (the “Division”) received an annual individual health insurance premium rate filing, which was amended 07/21/2023 (collectively the “06/12/2023 Rate Filing”) for OSCAR plans under the federal Patient Protection and Affordable Care Act (“ACA”). OSCAR proposed an average rate decrease of 1.5% with variations by plan and metal level. The proposed effective date is January 1, 2024, and covers approximately 1,263 Iowa lives receiving a rate increase of more than 5.1%, i.e., the threshold which triggers a hearing in Iowa for 2024.

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 decrease of \$11 per month, resulting in a 2024 projected average monthly premium of \$704 down from the current average monthly premium of \$715. This is an average based upon all members, all age groups, all benefit plans, all geographic regions, etc.

5. However, in the ACA individual market, few Iowans pay the entirety of the premiums as most are eligible for ACA advance premium tax credits. The average premiums referenced here are unsubsidized premium levels. Significant federal subsidies are available substantially lowering the consumer's share in premiums in most cases.

#### **Actuarial Review**

6. Pursuant to a 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 NovaRest 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.

7. The Commissioner reviewed the actuarial reports from NovaRest. The Commissioner also consulted with financial and actuarial staff within the Division prior to issuing this decision and order.

8. The actuarial reviews conducted by the Division and NovaRest reveal Oscar's past loss ratios for these plans have averaged 74% over the last 6-months (through June 2023). The past U.S. loss ratios for these plans have averaged just under 83% over the last 30-months. In the absence of a rate increase for calendar year 2024, the Division projects a loss ratio of approximately 78% after the 1.5% decrease is implemented.

9. With the current loss ratios and the growth of claims, the Division's projected Federal medical loss ratio is over 80% after the 1.5% decrease is applied. If the Division relied only on the federal Unified Rate Review Template (URRT), the projected Federal MLR is 84.5%. NovaRest also confirmed the MLR calculations provided by Oscar were reasonable and justified<sup>1</sup>.

10. If approved, OSCAR's 06/12/2023 Rate Filing 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 5.1%. A hearing on the proposed rate was scheduled for and held

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<sup>1</sup> Please note the IID 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'.

on Saturday, August 20, 2023 at 9:00 a.m. at 1963 Bell Avenue (Mississippi Conference Room), Des Moines, IA (“08/20/23 Hearing”).

13. 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. Although the number of Iowa policyholders in ACA compliant plans has been increasing in recent years, nearly all consumers in these plans are 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, the number of policyholders continues a downward trend.

14. The advance premium tax credit system and its impact that carriers’ rates have on the consumer’s perception of other carriers’ rates continues to evolve and the market continues to be impacted by regulatory and competitive pressures.

15. Prior to the 08/20/23 Hearing, the Consumer Advocate for the Division solicited and received public comments on OSCAR’s proposed health insurance rate increases. Access to the 08/20/23 Hearing was available for those who wished to attend in-person and via Zoom, which any Iowan could access online.

16. The written comments and testimony before and during the 08/20/23 Hearing indicate that OSCAR’s 06/12/2023 Rate Filing rate increases are concerning for policyholders. The one public comment received expressed concern about affordability even on the lowest medal plan. It is unclear if this policyholder was receiving premium tax credits.

17. Public comments are also available for review at the Division’s website. Detailed information about the rate filing and public testimony is also available for public review on the Division’s website: [Oscar Insurance Company Rate Hearing](#).

ORDER

OSCAR's 06/12/2023 Rate Filing is reasonable and actuarially sound. The Commissioner reviewed the actuarial reports from NovaRest 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 impacted by this decision, but is supported by the past and projected experience under the requirements of state and federal law.

OSCAR's 06/12/2023 Rate Filing does not propose rates that are inadequate, excessive or unfairly discriminatory.

THEREFORE, OSCAR's 06/12/2023 Rate Filing is approved.

SO ORDERED on this 7<sup>th</sup> day of September, 2023.



DOUGLAS M. OMMEN,  
Iowa Insurance Commissioner

**Copy to:**

Oscar Insurance Company  
75 Varick Street, 5<sup>th</sup> Floor  
New York, NY 10013

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on September 7, 2023.

By:  First Class Mail  Personal Service  
 Restricted certified mail, return receipt  Email  
 Certified mail, return receipt  \_\_\_\_\_

Signature: Brooke Hohn

Brooke Hohn

## Iowa Total Health Coverage in 2022

Type of Coverage	Iowa Population 2022	
Employer (self-insured + other types not listed)	976,068	30.5%
Medicaid + CHIP	850,906	26.6%
Medicare (Original + Medicare Advantage)	658,382	20.6%
Fully Insured Large Employer Group	294,013	9.2%
Uninsured people	152,800	4.8%
Fully Insured Small Employer Group	140,349	4.4%
Individual Coverage (ACA + pre-ACA)	102,399	3.2%
Other Public [Military, Tricare, VA]	25,600	0.8%
Iowa Population (U.S. Census)	3,200,517	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 August 1, 2023]**

