

PUBLIC HEARING TO RECEIVE PUBLIC TESTIMONY AND COMMENTS

IN RE: PROPOSED 2024 HEALTH INSURANCE RATE INCREASE

Medica Insurance Company ACA Policies  
Oscar Insurance Company ACA Policies

IOWA INSURANCE COMMISSIONER DOUG OMMEN, Presiding

Also Present: SONYA SELLMEYER  
Consumer Advocacy Officer

Saturday, August 19, 2023  
9 a.m.

Iowa Insurance Division  
Mississippi Conference Room  
1963 Bell Avenue  
Des Moines, Iowa 50315

THERESA KENKEL - CERTIFIED SHORTHAND REPORTER

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P R O C E E D I N G S

1  
2 COMMISSIONER OMMEN: Good morning. I think  
3 we are ready to begin our annual health insurance  
4 rate hearing.

5 Welcome to those that are in attendance  
6 today. I'm Commissioner Doug Ommen and we're here to  
7 receive comments on rate filings that were submitted  
8 in our individual health insurance market.

9 I would note for the record that the intent  
10 behind this hearing is to make available to the  
11 public the opportunity to understand the process by  
12 which rates are reviewed and considered before any  
13 decision is made, as well as to provide an  
14 opportunity for members of the public in order to  
15 provide comments on that.

16 As I reviewed the materials placed before  
17 me, it appears we have rates that are going to be  
18 considered for two different insurance companies  
19 under the Affordable Care Act plans.

20 So let me begin by introducing Consumer  
21 Advocate Sonya Sellmeyer. As I mentioned, the  
22 purpose for today is to gather information and  
23 comments from individuals who may be impacted by the  
24 rates that have been submitted in these plans.

25 I would also note that our rate authority is

1 primarily the functioning of balancing the total  
2 dollars paid out to cover health care costs, that is  
3 claims and expenses for a particular insurance pool.  
4 And with that we look at historical information as  
5 well as trends that may be occurring in the market.

6 Iowa Code, Section 505.19, requires that I  
7 convene a public hearing on proposed individual  
8 health insurance rate proposals which exceed the  
9 annual health spending growth rate. This health  
10 spending growth rate is published by the Centers for  
11 Medicare and Medicaid Services for the United States,  
12 Department of Health & Senior Service--excuse me--  
13 Health and Human Services.

14 Again, today I'm interested primarily in  
15 hearing information from consumers who may have been  
16 impacted in these plans. Of course I am available to  
17 hear comments from other members of the public but  
18 the primary concern is the affordability for those  
19 who actually have coverage in the plans that are  
20 being considered here today.

21 So with that I'm going to again introduce  
22 Sonya Sellmeyer. Sonya, I think what I'd like to do  
23 is go ahead and take up the matters as they have been  
24 presented to me in the folder. So I think I'd like  
25 to first take up the plans related to Medica

1 Insurance Company ACA policies.

2 MS. SELLMEYER: Thank you, Commissioner.

3 I will read a brief statement that will  
4 apply to both Medica's and Oscar's reviews so that I  
5 don't have to read it twice.

6 Two separate and independent reviews are  
7 conducted to determine whether or not the insurance  
8 company's rate change proposal is reasonable and  
9 justified.

10 First, the Iowa Insurance Division's health  
11 team which includes an actuary conducts its own  
12 independent review of the company's proposal.

13 Second, another review is independently  
14 conducted by an outside consulting actuary.

15 Before a recommendation is made to the  
16 Commissioner regarding approval, disapproval, or  
17 modification of the proposal, both review teams must  
18 agree on the rate recommendation. The dual review  
19 process has been in place since 2008.

20 The Affordable Care Act requires insurance  
21 companies to spend at least 80 percent of premium  
22 dollars on medical care. This is known as the Federal  
23 medical loss ratio. As of 2012 if an insurance  
24 company fails to meet that 80 percent medical loss  
25 ratio requirement over a rolling three-year period, a

1 rebate must be issued to its customers using a  
2 Federally-mandated process. Rate change proposals  
3 are only approved if the Federal medical loss ratio  
4 is expected to satisfy the 80 percent minimum  
5 standard.

6 For all company--for all medical insurance  
7 rate change proposals, both rate review teams analyze  
8 the insurance company's experience, such as what the  
9 Commissioner mentioned, trend assumptions, or the  
10 growth of the cost of the claims caused by unit cost  
11 increases as well as utilization increases, and other  
12 assumptions to determine if the rate change proposal  
13 is reasonable and justified. The review employs  
14 sophisticated procedures, forecasting models, and  
15 scenario testing to gauge the reasonableness of the  
16 proposal.

17 The type of analysis utilized, the  
18 procedures and methodology, and overall process have  
19 developed over a period of many years. Shortly after  
20 the passage of the ACA, an actuarial consulting firm  
21 from Pennsylvania conducted an in-depth analysis of  
22 the Iowa Insurance Division's rate review process and  
23 found it to be thorough, reasonable, and actuarially  
24 sound.

25 The State of Iowa is considered to have an

1 Effective Rate Review program in place by the Centers  
2 for Medicare and Medicaid Services. With the  
3 Effective Rate Review designation by CMS, as well as  
4 the process described above, the public should be  
5 confident that any decision rendered after this  
6 hearing was thoroughly vetted by multiple parties.

7 Congress has taken steps in the last several  
8 years to subsidize the cost of health insurance on  
9 the Affordable Care Act market. In the past, a  
10 household was not eligible for a premium tax credit  
11 unless their household income was between 100 and 400  
12 percent of the Federal poverty level for your  
13 family's size.

14 With the American Rescue Plan Act, income  
15 levels above 400 percent are allowed to claim a tax  
16 credit, and the Inflation Reduction Act further  
17 expanded the America Rescue Plan's enhanced subsidies  
18 and further lowered the Affordable Care Act's  
19 percentage of income paid toward premiums through  
20 2025 thus eliminating the subsidy cliff.

21 After the 2002 (sic) open enrollment,  
22 one-third of Iowa policies receiving advance premium  
23 tax credits paid premiums of less than \$10 a month,  
24 and the average annual premium after the advance  
25 premium tax credits is \$105.

1           With regards specifically to Medica, Medica  
2 Insurance Company has proposed a 3.4 (sic) percent  
3 average increase for their individual ACA blocks of  
4 business. The proposal covers all benefit plans with  
5 bronze plans being decreased by 7.2 percent and the  
6 silver plans increasing by approximately 10 percent.  
7 The average rate change by product line will range  
8 from 2 percent to 7.1 percent with variations at the  
9 plan level.

10           This proposal covers around 15,245 Iowa  
11 members. If approved, the proposed rate increase  
12 would become effective January 1, 2024. As the  
13 amount proposed exceeded the most current average  
14 annual health spending growth rate of 5.1 percent,  
15 the Consumer Advocate solicited comments regarding  
16 the proposed increase and is presenting public  
17 testimony.

18           Using the Iowa Insurance Division's  
19 actuarial rate review process described earlier, the  
20 actuarial team found the following using one or more  
21 years of prior experience:

22           Past Iowa loss ratios for this block of  
23 business have averaged just over 82 percent--just 82  
24 percent over the last 27 months.

25           In the absence of a rate increase for



1 calendar year 2024, the Iowa Insurance Division's  
2 projected loss ratio is in the range of 83.5 percent  
3 and 87.6 percent.

4           The Iowa Insurance Division's 2024 projected  
5 loss ratio is in the range of 81 percent and 85  
6 percent after the 3.1 (sic) percent rate increase is  
7 implemented.

8           After adjustments are made to account for  
9 taxes, license, and fees in the Federally-prescribed  
10 Medical loss ration formula, the Iowa Insurance  
11 Division's 2024 medical loss ratio is in the range of  
12 84 and 88 percent after the increase is implemented.

13           The Iowa Insurance Division's medical loss  
14 ratio range aligns with the company's internal  
15 medical loss ratio projection of 87.7 percent via the  
16 Federal Unified Rate Review Template.

17           In the event the medical loss ratio dips  
18 below 80 percent with the revised rates over a three-  
19 year rolling basis, affected Iowans could receive a  
20 rebate under Federal law.

21           The average premium increase before  
22 subsidies is around \$22 a month. This is the average  
23 based upon all members, all age groups, all benefit  
24 plans, all geographical regions. These values were  
25 calculated using the carrier's electronic filings

1 made with the Iowa Insurance Division on June 12, 2023.

2 The Consumer Advocate has received one  
3 public comment from a policyholder or member of the  
4 public. The consumer opposes the rising cost of  
5 health care.

6 In summary, the average premium increase  
7 before Federal subsidies is \$22 a month. This is an  
8 average based upon all members, all groups, benefit  
9 plans, and geographical regions.

10 The comments received and posted by August  
11 17th have been included in this testimony report as  
12 required by the Iowa Code. However, comments may  
13 continue to be received until the Commissioner makes  
14 the final decision on the proposed rate increase.  
15 Any additional comments received before the  
16 Commissioner's decision will be posted on the  
17 website.

18 And that concludes my testimony and comments  
19 with regard to Medica, Commissioner.

20 COMMISSIONER OMMEN: All right. Ms. Sellmeyer,  
21 it's my understanding that you followed all  
22 appropriate procedures in terms of providing notice  
23 of today's hearing. This hearing is on the record,  
24 so we are prepared to receive any comments from  
25 individuals who have appeared today, as well as to

1 receive comments from any individuals who have logged  
2 in online and are participating virtually.

3 Ms. Sellmeyer, do we have any individuals  
4 who have notified you that they wish to be heard  
5 today for purposes of today's hearing?

6 MS. SELLMEYER: No, we do not have any  
7 consumers on our call.

8 COMMISSIONER OMMEN: All right. With that,  
9 I think we are prepared to move forward to the next  
10 area that has the next filing. Before I do that, I  
11 do want to note that we have a representative of  
12 Medica here in the room, Mr.--would you like to  
13 identify yourself again for the record?

14 MR. JAY McLAREN: Yes, Commissioner and Ms.  
15 Sellmeyer. My name is Jay McLaren. I'm the  
16 vice-president of public policy and government  
17 relations at Medica.

18 It's a pleasure to be here today and I do  
19 want to say for the record I will not incur any  
20 travel expenses for being here today. I'm an Iowa  
21 native and was scheduled to be here to meet with  
22 family anyway. So thank you for that, Commissioner.

23 COMMISSIONER OMMEN: Well, we're glad you're  
24 here. Again, given limited public comments, it's  
25 probably not necessary for us to hear additional

1 comment. Again, your filing is well-supported and it  
2 will be given appropriate consideration.

3 All right. Ms. Sellmeyer, let's move to the  
4 second filing, and that is the filing by Oscar  
5 Insurance Company again with regards to their ACA  
6 policies. I will note that your comments with  
7 regards to both Medica and Oscar, you know, are in  
8 the record. Is there any additional comments that  
9 you wish to make with regard to these--this filing?

10 MS. SELLMEYER: Yes. With regards to Oscar  
11 Insurance Company, they have proposed an average rate  
12 decrease of 1.5 percent for their individual ACA  
13 blocks of business. The proposed rate change varies  
14 by plan and range from a negative 7 percent for some  
15 plans and an increase of 10 percent for other plans.  
16 There are approximately 1,263 Iowa members impacted  
17 by the rate increase greater than 5.1 percent and  
18 thus the reason for this hearing. If approved, the  
19 proposed rate increase would become effective January  
20 1, 2024.

21 As the amount proposed exceeds the average  
22 cost--the most current average annual health spending  
23 growth rate of 5.1 percent, the Consumer Advocate  
24 solicited comments regarding the proposed increase  
25 and is presenting public testimony.

1           Using the Iowa Insurance Division's  
2 actuarial rate review process described earlier, the  
3 actuarial team found the following using one or more  
4 years of prior experience:

5           Past Iowa loss ratios for this block of  
6 business have been favorable, and as a result the  
7 carrier has responded with lower rates.

8           On January 1, 2022, the carrier responded  
9 with an average rate decrease of 9 percent which was  
10 followed by a moderate 5 percent rate increase on  
11 January 1, 2023. Experience continues to be  
12 favorable and the carrier has responded with an  
13 average decrease of 1.5 percent for January 1, 2024.

14           With the current year, 2023 through June,  
15 impact indicating a 64 (sic) percent loss ratio, the  
16 Iowa Insurance Division's projected loss ratio is  
17 just under 78 percent after the 1.5 decrease is  
18 implemented.

19           After adjustments are made to account for  
20 taxes, license, and fees, the Federally-prescribed  
21 medical loss ratio formula, the Iowa Insurance  
22 Division's 2024 projected medical loss ratio is just  
23 over the 80 percent after the 1.5 rate decrease is  
24 implemented.

25           The Iowa Insurance Division's projected

1 medical loss ratio is lower than the company's  
2 internal medical loss ratio projection of 84.5  
3 percent via the Federal Unified Rate Review Template.  
4 The Iowa Insurance Division confirmed the medical--  
5 Rate Review Template medical loss ratio but we also  
6 supplement it with experience on our own template.  
7 Either way, both medical loss ratios are in  
8 compliance with the Federal review standard of 80  
9 percent.

10 In the event the medical loss ratio dips  
11 below 80 percent with the revised rates over the  
12 three-year rolling basis, affected Iowans could  
13 receive a rebate under Federal law and Oscar has paid  
14 benefits in the--rebates in the past.

15 The average premium decrease before Federal  
16 subsidies is around \$11 a month. This is an average  
17 based on all members, all age groups, all  
18 geographical regions, all benefit plans. These  
19 values were calculated from the carrier's electronic  
20 filings at the Iowa Insurance Division on January 12,  
21 2023, and subsequent refile on July 21st, 2023.

22 The Consumer Advocate has received one  
23 policy--one comment from a policyholder. Like most  
24 who are subject to proposed rate increase, the  
25 comment focused on affordability.

1           In summary, the average premium decrease  
2 before Federal subsidies is approximately \$11 per  
3 month. This is an average.

4           The comments received and posted by August  
5 17th have been included in this testimony report as  
6 required by Iowa Code. However, comments may  
7 continue to be received until the Commissioner makes  
8 the final decision on the proposed rate increase.  
9 Any additional comments received before the  
10 Commissioner's decision will be posted on the Iowa  
11 Insurance Division website.

12           And that concludes my testimony and comments  
13 with regards to Oscar Insurance Company, Commissioner.

14           COMMISSIONER OMMEN: In addition to your  
15 oral testimony, I also have submitted into the record  
16 your--some written testimony which you've covered for  
17 both Medica and Oscar.

18           Were there any comments received from  
19 individuals, members of the public, policyholders  
20 concerning the Oscar Insurance Company new rates?

21           MS. SELLMEYER: There was just one comment  
22 received from an individual from Rockford, Iowa, and  
23 that has been posted on the website and is in the  
24 testimony as well.

25           COMMISSIONER OMMEN: That individual is

1 identified as Pamela. And, again, I was interested,  
2 when we receive comments like this, Ms. Sellmeyer, do  
3 you reach out to these individuals to communicate  
4 with them because it's my understanding, reviewing  
5 her concern or comment, that she was being  
6 significantly impacted by these increases--or not by  
7 these increases but by her current rates. And,  
8 again, with the current circumstances surrounding  
9 subsidies, I was confused as to how it is that she  
10 may be impacted by those tax subsidies.

11 MS. SELLMEYER: I did reach out to  
12 Ms. Pamela via email that was submitted with her  
13 comment. I did not get a response.

14 COMMISSIONER OMMEN: All right. Thank you.

15 All right. As before, the purpose of this  
16 hearing is primarily to allow for transparency so  
17 that those that are impacted by these rates that do  
18 exceed the cost-of-living adjustment have the  
19 opportunity to understand and provide comment  
20 concerning their impact.

21 With regards to Oscar Insurance Company,  
22 other than the comment from the individual identified  
23 as Pamela, did we receive any other comments?

24 MS. SELLMEYER: No, and we do not have any  
25 consumers online with regards to Oscar. We do have a



1 representative from Oscar online, though, representing  
2 them. Mr. Carter Knight is online.

3 COMMISSIONER OMMEN: And, again--I mean, all  
4 of the--all the material--you confirmed that all of  
5 the notices have gone out and so we also do not have  
6 any member of the public in attendance here today who  
7 wishes to make a comment?

8 MS. SELLMEYER: That is correct.

9 COMMISSIONER OMMEN: All right. With that  
10 we'll note--let's go ahead and, again, for the  
11 representative of Oscar, if you'd like to identify  
12 yourself, that would be appreciated, if you could.

13 MR. CARTER KNIGHT: Hello. This is Carter  
14 Knight from Oscar Health. Good morning and I have no  
15 further comments.

16 COMMISSIONER OMMEN: All right. Again,  
17 thank you very much for being here. I would also  
18 suggest that your rate submission has been reviewed  
19 by staff and I will consider it as well as timely and  
20 appropriate and will give you a decision in  
21 relatively short order.

22 With that, is there anything further,  
23 Ms. Sellmeyer, in terms of the record today?

24 MS. SELLMEYER: No, Commissioner. I believe  
25 that is my portion of the record. Thank you.

1           COMMISSIONER OMMEN: Again, I appreciate all  
2 of those who did come today. I think at this point I  
3 can take the comments that have been received under  
4 advisement and put in the record as I consider these  
5 rate requests.

6           With that, I believe we can go off the  
7 record. Thank you again for those that attended here  
8 today.

9           We are off the record.

10          MS. SELLMEYER: Thank you, Commissioner.

11          (Proceedings concluded at 9:19 a.m.)

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## C E R T I F I C A T E

I, the undersigned, a Certified Shorthand Reporter of the State of Iowa, do hereby certify that I acted as the official court reporter at the hearing in the above-entitled matter at the time and place indicated;

That I took in shorthand all of the proceedings had at the said time and place and that said shorthand notes were reduced to typewriting under my direction and supervision, and that the foregoing typewritten pages are a full and complete transcript of the shorthand notes so taken.

Dated at Des Moines, Iowa, this 21st day of August, 2023.

  
CERTIFIED SHORTHAND REPORTER