

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF:)
) Division File No. 123415
 GOLDEN RULE INSURANCE COMPANY)
 2025 INDIVIDUAL HEALTH INSURANCE RATE) **DECISION AND ORDER**
)
)

NOW THEREFORE, the Commissioner has taken up for consideration the 2025 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, 2024, the Iowa Insurance Division (the “Division received an annual individual health insurance premium rate filing (“06/10/24 Rate Filing”) for Golden Rule plans qualified as “Grandfathered” and “Transitional” under the federal Patient Protection and Affordable Care Act (“ACA”). Golden Rule proposed an average rate increase of 16.6% with no variations by plans. The proposed effective date is January 1, 2025, and covers approximately 1,055 Iowa lives.

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.

Actuarial Review

4. 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 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.

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

6. The actuarial reviews conducted by the Division and Magnum Actuarial Group reveal Golden Rule's past loss ratios for these plans have averaged 80% over the last seven years. Despite the rates for this plan increasing consistently over this time-period, the Federally prescribed minimum medical loss ratio of 80% has largely been achieved. During the review, it was observed that the loss ratios from 2023 to 2024 spiked significantly. The 2023 loss ratio was a lower than normal, however, the 2024 loss ratio through the first five months spiked to nearly

104%. This means that for every dollar the carrier received in premium, they have paid out \$1.04 in claim payments. In the absence of a rate increase for calendar year 2025, the Division projects a loss ratio is approximately 91%. During the review process – and after considerable back and forth talks between the Golden Rule Insurance Company, the IID, and Magnum Actuarial Group – a revised rate increase of 12.3% was agreed upon.

7. With the modified rate increase, the current loss ratios, and the continuing growth of claims, the Division’s projected Federal medical loss ratio is approximately 83% after the 12.3% rate increase is applied. Furthermore, Magnum Actuarial Group’s projected Federal medical loss ratio (after the 12.3% rate increase) meets or exceeds the 80% minimum¹. Both review teams have concluded that the rate increase will continue to generate the 80% Federally mandated medical loss ratio.

8. With the modification from 16.6% down to 12.3%, the proposed rates would cause an average premium increase of \$58 per month, resulting in a 2025 projected average monthly premium of \$528 up from the current average monthly premium of \$470. This is an average based upon all members, all age groups, all benefit plans, all geographic regions, etc.

9. If approved, approved, Golden Rule’s 06/10/2024 Rate Filing will generate rates that are actuarially supported and are actuarially sound.

Public Comment and Rate Impact Considerations

10. 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.

¹ 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’.

11. 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 Medicaid & Medicare Services. The current threshold percentage is 5.6%. A hearing on the proposed rate was scheduled for and held on Thursday, August 8, 2024, at 5 p.m. at 1963 Bell Avenue, Des Moines, IA (“08/08/24 Hearing”).

12. 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 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.

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. The number of covered lives in the Golden Rule pre-ACA plans before us is now 1,055 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 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 perception of other carriers' rates continues to evolve, and the market continues to be impacted by regulatory and competitive pressures.

15. Prior to the 08/08/24 Hearing, the Consumer Advocate for the Division solicited and received one public comments on Golden Rule's proposed health insurance rate increases. Access to the 08/08/24 Hearing was available in person and via Zoom which any Iowan could access online.

16. The written comments and testimony before and during the 08/08/24 Hearing indicate that Golden Rule's 06/10/2024 Rate Filing rate increases are concerning for policyholders. The one public comment received express concern about affordability. 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 06/10/2024 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 impacted by this decision but is supported by the past and projected experience under the requirements of state and federal law.

Golden Rule's 06/10/2024 Rate Filing does not propose rates that are inadequate, excessive or unfairly discriminatory.

THEREFORE, Golden Rule's 06/10/2024 Rate Filing is approved.

SO ORDERED on this 12th day of September 2024.



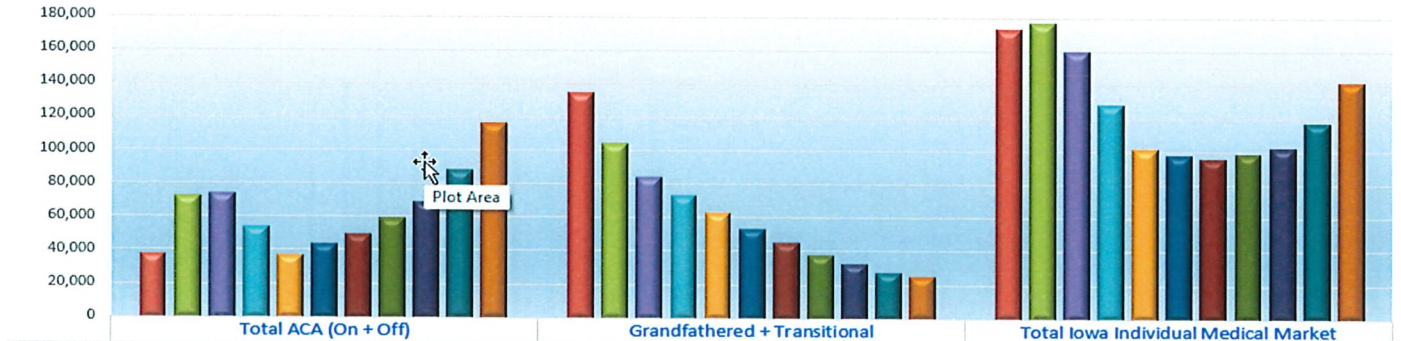
DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Iowa Total Health Coverage in 2023

Type of Coverage	Iowa Population 2023	
Employer (self-insured + other types not listed)	1,138,170	35.5%
Medicaid + CHIP	710,281	22.1%
Medicare (Original + Medicare Advantage)	671,606	20.9%
Fully Insured Large Employer Group	288,902	9.0%
Uninsured people	126,000	3.9%
Fully Insured Small Employer Group	133,147	4.2%
Individual Coverage (ACA + pre-ACA)	117,298	3.7%
Other Public [Military, Tricare, VA]	21,600	0.7%
Iowa Population (U.S. Census)	3,207,004	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 July 2024]**



	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	45,466	95,733
2021	60,166	38,678	98,844
2022	69,266	33,138	102,404
2023	88,899	28,400	117,299
2024 6M	116,303	25,728	142,031