

Public Testimony and Comments
Regarding the 2022 ACA
Wellmark Health Plan of Iowa, Inc.
Rate Increase

For Consideration by Commissioner Doug Ommen, Insurance Division of Iowa
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I. Background

Iowa Code §505.19 sets forth procedures for health insurance rate increase requests exceeding the average annual health spending growth rate published by the Centers of Medicare and Medicaid Services (CMS). The procedures include a requirement that the Consumer Advocate solicit public comments on the proposed rate increase, provide the comments received by the public on the internet, and present the public testimony and comments received to the Commissioner of Insurance for consideration before a decision is made on the proposed rate increase.

The Iowa Insurance Division was notified in June 2021 that Wellmark Health Plan of Iowa, Inc. was seeking a proposed average rate increase of 11% average rate increase for their ACA block of business. All of Wellmark Health Plan of Iowa's ACA plans are affected with rate increase ranging from 3.8% to 21% for a total of approximately 36,000 covered lives. The proposed rate increase would become effective January 1, 2022, if approved. As the amount proposed exceeded the most current average annual health spending growth rate of 5.4%, the Consumer Advocate solicited comments regarding the proposed increase.

II. Actuarial Review

Two separate and independent reviews are conducted to confirm the carrier's rate change proposal. An internal review is conducted by the Iowa Insurance Division's health team (which includes an actuary) and another review is independently conducted by a consulting actuary (of our choosing) on a contracted basis. The dual review system has been in place for 13-years.

For any medical insurance rate change 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 change proposal is actuarially justified. Both rate review teams employ technically sophisticated processes and algorithms as well as utilizing forecasting models and scenario testing to gauge the validity and reasonableness of the proposal. The type of analysis utilized, the formulas and methodology, and overall process have developed over a period of many years and have been reviewed by other consulting actuaries for completeness and appropriateness.

The state of Iowa is also considered to have an Effective Rate Review (ERR) program in place by the Centers for Medicare & Medicaid Services (CMS). Along with the ERR designation by CMS as well as the process previously described (which predates ERR), the public should be confident that any decision rendered after this hearing was thoroughly vetted by multiple parties.

Using the actuarial process described, the actuarial teams found the following:

- Recent loss ratios on this block appear to have been depressed due to the COVID-19 lock down which occurred over much of 2020 and the early parts of 2021. However, 2nd QTR loss ratios in 2021 have clearly ticked back up and are converging to the 85% level.
- In an effort to deal with the effects of the low loss ratios projected in 2020 and 2021 – the company implemented a significant rate decrease of over 42% for calendar year 2021. Please note this is (to date) the largest rate decrease on record in Iowa since the passage of the ACA.
- In the absence of a rate increase for calendar year 2022, the IID projects loss ratios in the range of 86 to 87 percent depending on the experience base utilized, i.e., 1-yr vs. 2-yrs. vs. 3-yrs, etc..
- IID trend models justify a trend growth rate of at least 7 percent based upon a review of the PMPM claims and adjusted loss ratios.
- With the current loss ratios and the indicated growth of claims, the IID’s 2022 projected loss ratio is approximately 78% after the 11.1% rate increase is applied.
- After adjustments are made to account for taxes, license, and fees in the federally prescribed medical loss ratio (MLR) formula – the 2022 projected MLR is approximately 81% after the increase is implemented. {If relying ONLY on the Federally required Unified Rate Review Template (URRT) – the projected MLR is just over 90%}. The Federal URRT and IID’s assister template utilize different experience periods and so this explains the difference between the MLR projections. In the event the MLR dips below 80% with the revised rates (over a 3-year rolling basis), affected Iowans could receive a rebate under Federal law.
 - The average premium increase is around \$70/ month, i.e., \$698 (2022 projected average premium) less \$628 (current average premium). This is an average based upon all members, all age groups, all benefit plans, all geographic regions, etc.

III. Public Comments

The Consumer Advocate has received 26 comments and concerns directly from policyholders or members of the public. Like most who are subject to proposed rate increases, the comments focused on affordability. One policyholder commented:

“I just got this insurance 2 weeks ago and I am already receiving something stating that it is going to go up. I don't get a tax break on it, it already costs so much with very little benefits that come with it. I have medical issues and choose to get insurance on the marketplace for it. Its so unfair to see it go up that much already... Please do not raise it that much or at all.”

Another commented:

“I am not for a premium rate increase to 11.1 percent. It seems people who is making this decision does not understand mid class has taken enough hits financially. I do not understand why we are responsible for the medical trend, government fee and taxes and administrative expenses. Find another source.”

IV. Summary

The actuarial summaries show that without a rate increase for calendar year 2022, the IID projects a loss ratio from 86-87%.

The comments received and posted by today's date have been included in this testimony report as required by the Iowa Code section 505.19(3). However, comments may continue to be received until the Commissioner makes the final decision on the proposed rate increase. Any additional comments received before the Commissioner's decision, but after the presentation of the consumer testimony, will be recorded on the public rate hearing site.

Attachment A: Wellmark Health Plan of Iowa 2022 Proposed Rate Increase Comments*

Kathy - Spirit Lake - July 23

I don't think any company should be allowed to raise their rates above the standard of living cost which is 3.25% I work for the public-school system. We were placed on a wage freeze for three years, while insurance companies have always increased at a rate of 10% I feel this is not in line with the wage increases given to the general public. and due to this ongoing trend it will be unaffordable to us if the rates are allowed to be increased each and every year unless the wages also increase at a 10% rate which you know is not every going to happen.

By the time I'm 65 I will be paying over \$900 dollars a month. Doctors and insurance companies have us at their mercy the only option we have is to cancel and take our chances or pay their increasingly high rates.

Please DO NOT allow this rate increase to move forward it is not in line with wage increases and never has been. Someone has to say STOP the rising cost to health insurance.

Aaron R. - Des Moines - July 1

Absolutely not okay with this. I'm already paying insane prices for horrible healthcare. Not that I expect that mine, or literally every other customer's, comment will be taken into account during your hearing when this rate hike undoubtedly gets approved.

William K. - Waverly - June 28

I do not feel that a rate increase should be aloud. you let this get approved everytime. our insurance is now over \$2300 a month and we dropped two kids when they they turned 27. it did not go down. I am not able to change plans as wellmark is all on the market place and their plans would be higher then what I pay now for self employed. I also do not feel a rate increase when I see wasted money spent by Well mark and adds, sponsoring some events. I should not have to pay for this. Please lower rates to affordable for all self-employed. thanks for your time

Rebecca M. - Mt. Pleasant - June 27

While I understand health costs are increasing, you cannot keep incrementally increasing insurance costs. It is a struggle for some to even have health care, let alone pay for increasing rates. Sole proprietors who are struggling to recover from the pandemic will take the brunt of this. As a tax preparer, I can tell you that people are struggling and this will be one more thing that they may choose to go without because they cannot afford it.

Michaela G. - Ankeny - June 26

This would be awful for us. We just got a break from the government on our monthly healthcare expenses and now this would undo the help we were starting to feel. Our plan isn't even that great but the expense is huge. Especially considering the low to nothing cost our neighbors in Canada pay or other developed nations. Debts are high here for medical expenses and we always fear a medical emergency that could sink us financially.

Jeremy S. - Fayette - June 23

Why not raise it 20% that would be best for the company and its investors...I think we would all agree that insurance is legal crime and the increase benefits the company's profit margin...so let's do the full 20% increase for 2022 year and remove all deductibles for everyone paying premiums to the company and making it easier for them to practice medicine.

Cathy M. - Lehigh - June 20

I oppose the proposed rate increase of 5.9%. Our monthly premium is currently almost \$1,900.00 per month for two healthy adults. We do not qualify for Obamacare and other insurance options do not contain the coverage that we currently have. We are also afraid that any new policy would not cover any "pre-existing" conditions. So changing policies just to save money is not an option. We just need to decide at what point, does our current health insurance policy become too expensive. I would hope that the continued rate increases would not force us to make that decision. Please take this rate increase under serious consideration. Thank you.

Kelly N. - Coralville - June 18

I am a business owner who is already paying \$523 per month for my BCBS policy with a \$6900 individual deductible. I have no health issues and still have this high rate. I have been loyal to BCBS and could have gotten a less expensive premium but have always been pleased with coverage and customer service. If base rates increase, I will most likely have to switch to another insurance provider. I do not think individuals who eat healthy, exercise, chose not to smoke, drink heavily, avoid drugs...should continue to be penalized for increasing rates when we are not contributing to the problem. I have paid into the system for years, but will continue to be penalized based on age, risk factors and other variables that are lumped into my "group". An 11% base rate seems excessive.

Cheryl - Ionia - June 18

No I don't think any insurance company needs to raise rates how much are they paying the higher ups make them take a pay cut. And give us national health insurance.

Emily H. - Des Moines - June 18

Myself and many of my peers cannot afford the high costs of health insurance and maintain a life of economic health. I cannot inject money into our economy in other ways because I can barely afford necessities, like health insurance. Wellmark has not at all proven why they need to increase costs outside of wanting higher profits. Thank you for asking for the thoughts of Iowans who this will directly impact. I'd like to be a member of an economically flourishing community, but the struggle to keep up, partially due to the outrageous costs of health insurance, makes it incredibly difficult.

David H. - Cresco- June 18

With the recent pandemic and difficulty with jobless individuals and people hurting during this time, it is very inappropriate to increase insurance premiums at this time. This is a terrible ploy by insurance companies, which have been recently hit with multiple lawsuits against them for inappropriate gouging of individuals to try and recoup that money during this difficult time. This is unacceptable! Please deny this increase!!!

Scott L. - Eldridge - June 17

I am against the rate increase. I am self employed and every year there is an increase. It is getting to the point that it is unaffordable. My wages do not increase every year. I recommend a no on this increase. I have a basic plan that I am grandfathered in to. I feel sorry for any one trying to get a new policy. They couldn't afford it!

Leesa L. - Creston - June 17

Another 5.9% increase is another hardship on those of us already paying over \$1200 a month for insurance!!! My raise this year is 3%. These yearly increases are unbelievable. I just don't know what to do anymore. This is overwhelming and makes me want to just quit working as the only thing I am working for is to pay the insurance premium. This has to stop somewhere and it needs to start at the top at Wellmark! Had I not been able to keep working through the pandemic, I damn sure could not have afforded the \$1200 premium. Someone please tell me why we have to pay for everyone else's coverages! The policy damn sure doesn't cover everything and we have to pay a deductible of \$10000 for the two of us. If you only go for a yearly check up or to get some medication prescriptions how is that fair?

Jacqueline S. - Grimes - June 16

We highly protest yet another rate increase. The cost of insurance is increasing at a higher percentage than wages are increasing. In eight short years, we've see over \$1000 in increased costs. There is not justifiable reason to take this increase. When does it stop? Please do not allow this increase.

*Comments are placed under the health coverage denoted by the consumer.