

**Public Testimony and Comments**  
**Regarding the 2022 Proposed Pre-ACA**  
**Golden Rule Insurance Company**  
**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 Golden Rule Insurance Company (Golden Rule) was seeking a proposed average rate increase of 25%. After a thorough review, the IID health team, its consulting partner Magnum Actuarial Group, and Golden Rule agreed that the revised rate increase proposal should be 9.5%. This concession was achieved by not allowing (in totality) a huge spike in claims in June of 2020 that did not appear to be ongoing. The 9.5% increase applies to all Generations 1-22 and 25-27 policies starting January 1, 2022, Generation 23 on June 15, 2022, and Generation 24 on June 1, 2022, or as soon thereafter as approval permits. All of the plans affected are either grandfathered plans or transitional business plans for a total of 2,000 covered lives. 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:

- Past loss ratios for this block have averaged 79 percent over the last 7-years.
- In the absence of a rate increase for calendar year 2022, the IID projects loss ratios in the range of 82 to 85 percent depending on the experience base utilized, i.e., 1-yr vs. 2-yrs. vs. 3-yrs, etc. The range of the projection is caused by a notable reduction in the YTD 2021 loss ratio (Jan-Jun) – down to 65%. However, the 2021 loss ratio will trend higher throughout the year.
- IID trend models justify a trend growth rate of at least 7 percent based upon a review of the per member, per month (PMPM) claims, and adjusted calendar year loss ratios. A higher trend growth rate may be justified depending on the experience period utilized, i.e., 36 months vs. 48 months, etc.
- With the current loss ratios and the consistent growth of claims, the IID’s 2022 projected loss ratios range from 75 to 78 percent after the 9.5% rate increase is implemented. This range of values is caused by utilizing different experience periods, i.e., 1-yr vs. 2-yrs. vs. 3-yrs, etc.
- 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 percent after the increase is implemented. (As a side note – Golden Rule’s projected MLR is 80.2 percent and is consistent with the IID’s projection)

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 \$33/ month, i.e., \$380 (2022 projected average premium) less \$347 (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 2 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, specifically due to the challenging year and the comments were based on the notification of a 25% increase. Due to the length of time Golden Rule has offered individual policies, many of these policyholders have seen steady increases from their Golden Rule plans over the years. These affected Golden Rule pools have been receiving rate increases every year to every other year which has led to some premiums ballooning from their original rates and an overall rate increase fatigue. One policyholder commented in part:

“...I pay more for healthcare than I spend on my mortgage. Soon, every dollar I make will go to healthcare...”

Both commenters expressed frustration and affordability concerns. Many are small business owners often have no choice but to purchase coverage privately, as they do not have employers to provide the coverage; and their operations may be too small to include employees who would allow for the purchase of a small group plan. This means some small business owners are left with the choice of finding a way to pay for the increased rates (which may mean taking up additional employment), leaving their small business, or dropping coverage.

#### IV. Summary

Without the rate increase, Golden Rule is facing a medical loss ratio of 82-85%. If the revised actuarial rate increase of 9.5% is approved the projected loss ratio ranges from 75-78%.

The comments received and posted as of August 23, 2021, 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: Golden Rule, Inc. 2022 Proposed Rate Increase Public Comments\***

### **Ben G. - Des Moines - August 18, 2021**

No more health insurance premium increases!! These health insurance costs are killing me. I have no idea how I'm supposed to afford this. Our costs already went up by \$150 a month in August and now they're going up 25% in January???

I'm enraged and despondent at Iowa for allowing these life-sucking insurance companies to keep jacking up their rates.

I pay more for healthcare than I spend on my mortgage. Soon, every dollar I make will go to healthcare. This state is awful. Want to support small business?? Help us solve this healthcare crisis. Why can't I get the same insurance that state employees get?? My tax dollars pay for your salary! Why can't we all be part of the same risk pool?

Oh right: because Iowa wants to punish people like me for trying to do something creative and meaningful with our lives, instead of working for Big Daddy Republican White Boss at the small-town pig crap factory.

I'm sure this letter won't do any good because you are bought and paid for by the insurance companies, but you should know that I hate living in this dumb, doomed state that's run by Republican yokels. Iowa ruins lives and crushes dreams.

Iowa: #1 in America at driving talented people away.

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### **Katherine L. - Adel - July 14, 2021**

Golden Rule should NOT be allowed to increase rates by 25% in 2022! I am covered by a Golden Rule HSA policy with a \$5000 deductible (which I have never reached) and take pretty good care of myself, yet my premiums have increased 73.1% since 2016: 20% in 2018, 10% in 2019, 5% in 2020, 18.3% in 2021 (of course they did send me a \$26 COVID relief check this year)! I started with Golden Rule essentially as a way to cover possible major medical expenses, knowing (hoping) that I would not need to access it for many years but they are taking advantage of their policy holders!

Apparently Golden Rule's parent company, United Health Group, earned enough of a profit to pay their outgoing CEO nearly \$18 million when he retired (<https://www.bizjournals.com/twincities/news/2021/04/27/united-health-group-ceo-david-wichmann.html>), and the previous CEO was paid \$101.9 million in 2009 (<https://www.courant.com/business/hc-xpm-2010-04-15-hc-unitedhealth-ceo-salary-0415-story.html>). Something is very wrong with these numbers!

I attempted to read the "Written Explanation of Rate Increase" included at Iowa Insurance Division website but most of the numbers were blacked out. Whether or not I understand all of the numbers I should at least be given the chance to study the information! If there is ANY increase, it should be limited to the 5.4% increase stated by the US HHS dept.

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