

Rate Increase Justification

In accordance with the “2024 IDAHO STANDARDS FOR AFFORDABLE CARE ACT COMPLIANT INDIVIDUAL AND SMALL GROUP HEALTH BENEFIT PLANS AND QUALIFIED DENTAL PLANS”, the following rate increase justification has been provided.

Molina Healthcare of Idaho
Preliminary Rate Increase Justification for 2024
Individual Health Benefit Plans

Rate Change

Molina’s rate filing reflects the following rate changes by metal tier, averaging +0.2%. Molina has 1,130 members enrolled effective March 2023 and reported as of May 2023. The rate change calculation below is consistent with Worksheet 2, Section II of the URRT, which only includes members on renewing plans.

Plan ID	Product Name	Metal	202303 Members	2024 Rate Change		
				Avg	Min	Max
Total			1,130	0.2%	-2.8%	3.2%
91278ID0010001	Molina Healthcare	Gold	114	-1.1%	-2.6%	1.5%
91278ID0010002	Molina Healthcare	Silver	859	0.4%	-0.9%	3.2%
91278ID0020001	Molina Healthcare +Vision	Gold	37	-1.4%	-2.8%	1.2%
91278ID0020002	Molina Healthcare +Vision	Silver	60	0.4%	-1.8%	2.3%
91278ID0010009	Molina Healthcare	Silver	60	0.6%	-1.2%	2.9%

The rate changes vary by plan due to changes in the Actuarial Value (AV) Pricing Values assigned to each metal plan that are applied to the Plan Adjusted index Rate. The rate changes also vary by geographic area due to contracting differences across the various rating areas.

Most Significant Factors

The rate change described above is driven by the following factors:

- **Risk Adjustment:** Risk transfer is expected to contribute toward a 11.7% increase in rates due to differences in actual versus expected risk transfer amounts for the 2022 benefit year.

- **Claims:** Projected claims for 2024 are expected to contribute toward an 10.1% decrease in rates due to the updated base period experience claims, trend, provider contract updates, changes in product, acuity and demographic mix, and the impact of normalizing for COVID-19 on the base period experience.
- **Reinsurance:** Taking into account the impact of Idaho’s Section 1332 Reinsurance Waiver, the impact of reinsurance recoveries is contributing toward a 4.9% decrease in the rates.
- **Membership Mix:** The membership mix from the base period to the projection period compared to the membership mix for comparable time periods from the prior year rate filing is expected to contribute toward a 3.1% increase in rates.
- **Administrative Expenses:** Administrative expenses are expected to contribute toward a 0.5% increase in rates due to higher plan expenses compared to the prior year rate filing.
- **Other:** Taxes, fees, and profit margin are expected to contribute toward a 0.0% decrease in rates.
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Financial Experience

Molina Healthcare of Texas 2022 Individual Marketplace experience data was used as the basis for developing the Idaho 2024 manual rates. Molina’s 2022 Texas financial experience including total premiums and claims is shown below. The data is based off best estimates of 2022 incurred amounts and is aligned with data shown in the Molina TX URRT. In 2022, Molina had a total of 950,121 member months that resulted in \$562.2 M of premiums collected and \$555.8 M of claims incurred. There are no amounts attributed to reinsurance or cost share reductions, and total risk adjustment is \$131.8 M receivable.

Experience Category	Value
Allowed Claims	\$593,880,239
Reinsurance	\$0
Cost Share Reduction	\$0
Incurred Claims	\$555,773,314
Risk Adjustment (receivable)	\$131,767,928
Premium	\$562,165,375
Member Months	950,121

Although deemed non-credible for the use of pricing, below is a similar summary of Molina Healthcare of Idaho’s 2022 Individual Marketplace experience data. This data aligns with data shown in the URRT.

Experience Category	Value
Allowed Claims	\$11,290,884
Reinsurance	\$8,352
Cost Share Reduction	\$0
Incurred Claims	\$9,491,117
Risk Adjustment (payable)	-\$1,824,057
Premium	\$13,393,859
Member Months	25,696

Key Assumptions

The annual cost trends used in developing the 2024 rates:

Category	Annualized Claims Trends		
	Utilization	Unit Cost	Total
HIP	2.5%	2.8%	5.4%
HOP	2.5%	2.1%	4.7%
Phy	2.5%	1.1%	3.6%
Oth	2.5%	0.2%	2.7%
Rx	5.0%	3.9%	9.1%
Cap	0.0%	2.5%	2.5%
Total	3.0%	2.3%	5.4%

Trend factors were applied separately for unit cost and utilization and by each major benefit category. The annual claims trends were used to trend the manual rate forward 24 months from the midpoint of the base period, July 2022, to the midpoint of the projection period, July 2024.

Unit cost trends were developed by comparing anticipated changes in provider contracts between the 2022 experience period and the 2024 projection period. The contract changes were calculated for the major service categories based on fee schedule changes in each rating area.

Utilization trends were developed through a review of the allowed claims experience from Molina’s Texas Marketplace population and Molina’s enterprise-wide Marketplace population. The utilization data was normalized using concurrent risk scores from Milliman’s MARA (Milliman Advanced Risk

Adjusters) risk model for each service category to account for differences in demographics and health status between the two comparison periods. In addition, we used actuarial judgement in choosing the projected utilization trends. Unit cost trends include the anticipated increases to the Medicare fee schedule from the 2022 experience period to the 2024 projection period.

The 2024 rates are made up of the following components:

Rate Component	% of Rates
Claims (net of reinsurance)	65.4%
Administrative costs	12.7%
Risk Adjustment	11.4%
State taxes and fees	4.1%
Contribution to surplus, profit, and risk margin	3.0%
Commissions	2.6%
Federal taxes and fees	0.8%
Total	100.0%