

Rate Increase Justification

In accordance with the “2023 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 2023 Individual Health Benefit Plans

Rate Change

Molina’s rate filing reflects the following rate changes by metal tier, averaging -0.2%. Molina has 320 members in plans that are renewing and 1,820 members in plans that are terminating for a total of 2,140 members enrolled effective March 2022 and reported as of April 2022. The rate change calculation below is consistent with Worksheet 2, Section II of the URRT, which only includes members on renewing plans.

				2023 Rate Change		
Plan ID	Product Name	Metal	202203 Members	Avg	Min	Max
Total			320	-0.2%	-9.8%	5.5%
91278ID0010001	Molina Healthcare	Gold	82	-1.6%	-9.8%	4.5%
91278ID0010002	Molina Healthcare	Silver	153	-0.1%	-9.4%	4.9%
91278ID0020001	Molina Healthcare +Vision	Gold	25	-0.3%	-9.4%	4.9%
91278ID0020002	Molina Healthcare +Vision	Silver	60	1.9%	-8.8%	5.5%

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:

- **Reinsurance:** In anticipation of Idaho’s Section 1332 Reinsurance Waiver being approved, the impact of reinsurance recoveries are contributing toward a 10.3% decrease in the rates.

- **Risk Adjustment:** Risk transfer is expected to contribute toward a 7.8% increase in rates due to differences in actual versus expected risk transfer amounts for the 2021 benefit year.
- **Administrative Expenses:** Administrative expenses are expected to contribute toward a 2.6% 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 1.0% decrease in rates due to the overall premium decreasing.
- **Claims:** Projected claims for 2023 are expected to contribute toward a 0.6% increase 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.

Financial Experience

Molina Healthcare of Idaho did not operate in the Individual Marketplace in 2021.

Key Assumptions

The annual cost trends used in developing the 2023 rates:

Annualized Claims Trends			
Category	Utilization	Unit Cost	Total
HIP	3.0%	3.9%	7.0%
HOP	4.0%	4.5%	8.7%
Phy	4.0%	2.1%	6.2%
Oth	4.0%	2.1%	6.2%
Rx	6.0%	5.3%	11.6%
Cap	2.0%	4.0%	6.1%
Total	4.0%	3.7%	7.8%

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 2021, to the midpoint of the projection period, July 2023.

Unit cost trends were developed by comparing anticipated changes in provider contracts between the 2021 experience period and the 2023 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 2021 experience period to the 2023 projection period.

The 2023 rates are made up of the following components:

- Claims (net of Reinsurance): 77.7%
- Administrative Costs: 11.6%
- Federal taxes and fees: 0.9%
- State taxes and fees: 4.0%
- Commissions: 3.2%
- Contributions to surplus, profit, and risk margin: 3.0%
- Risk adjustment: -0.4%