

UnitedHealthcare Insurance Company
Preliminary Rate Increase Justification for Plan Year 2025
Idaho Small Group Health Benefit Plans

Rate Change

The requested rate change for small group health benefit plans sold in the state of Idaho will be effective January 1, 2025 and impact 1,065 covered lives. The proposed 2025 rates are 13.0% higher on average than our filed and approved 2024 rates for both renewal and mapped plans. The rate impact of benefit change is 0.2%. The percentage of rate change may vary by plan selection.

Most Significant Factors

The overall 13.0% rate change described above is driven by the following factors:

1. Changes in medical service costs: 12.8%

There are many different healthcare cost trends that contribute to increases in the overall U.S. healthcare spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs.

2. Changes in benefits: 0.2%

Benefit plans are typically changed for one of three reasons: to comply with the requirements of the Affordable Care Act or state law, to respond to consumer feedback, or to address a particular medical cost issue to provide greater long-term affordability of the product.

Financial Experience of the Product

Total incurred claims in calendar year 2023 were \$5,768,496. Total premium was \$6,421,016. There were neither CSR reimbursements nor APTC payments. The benefit care ratio for this product during the 2023 calendar year was 90% before risk adjustment transfers. This ratio is the portion of premium that is needed to pay medical claims. The complement of the benefit care ratio is the portion of premium needed for taxes and fees, administrative expenses, and margin. The benefit care ratio was 88% after including expected risk adjustment payments.

Key Assumptions

The annual cost trends used in developing the 2025 rates:

- Medical & Drug combined claim trend: 10.2%

The 2025 rates are made up of the following components:

- Claims: 82.56%
- Administrative Costs: 10.84%
- Federal taxes and fees (PPACA fees and federal income taxes): 0.73%
- State taxes and fees (state premium tax): 1.50%
- Selling expenses: 2.00%
- Contribution to surplus, profit and risk margin (after-tax profit margin): 2.37%

The components are as percent of premium. The total percentage adds up to 100%.