



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 24-04

Health Insurance Rate Filings - Filing Dates for Plan Year 2025

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The following Bulletin is issued by the Missouri Department of Commerce and Insurance (“Department”) to inform and educate the reader on the specified issue. It does not have the force and effect of law, is not an evaluation of any specific facts or circumstances, shall not be considered a statement of general applicability and is not binding on the Department. See § 374.015, RSMo (2016).

To: Health carriers writing health insurance or health benefit plan coverage in Missouri

From: Director Chlora Lindley-Myers

Re: Health Insurance Rate Filing Key Dates (2025 Plan Year)

This Bulletin provides notice to health carriers of key filing dates for health benefit plans that will be offered during 2025, as required by §376.465, RSMo (2016)¹, and 20 CSR 400-13.100. These dates are based on current federal guidance and are subject to change.

The Department will continue collecting information on the factors used in the pricing, including the actuarial value the companies calculate separate from the federal AV calculator, the induced demand factors, and the CSR load. Federal regulations and guidance indicate that these plan-level factors should not be based on ACA experience, either before or after the impact of risk

¹ All statutory references herein are to RSMo (2016) unless otherwise noted.

adjustment². Instead, these factors, which constitute the AV and Cost Sharing Design of Plan (AVCDSP), item 3.3 in the Unified Rate Review Template (URRT) “may take into account the benefit differences and utilization differences due to differences in cost-sharing.”³ The allowance for risk adjustment, meanwhile, is intended to be market-wide, impacting only Worksheet 1 of the URRT. The plan-level factors should have a rational relationship to each other, as should the resulting AVCDSPs. (“Rational” takes into account the current environment of CSR loading.)

In addition, this Bulletin incorporates the Department’s proposed amendment to 20 CSR 400-13.100 ahead of plan year 2025. The amendment will codify the practice of applying the Cost Sharing Reduction (CSR) load only to Silver plans sold on the exchange. The amendment will also provide for more consistency in the approaches used to determine the induced demand factors (IDFs) and the CSR load.

Methodology to Determine Cost Sharing Reduction Adjustment and Induced Demand Factors

In order to have a consistent approach across carriers while still allowing for some variation based on the particular set of products a carrier is offering, the Department is putting forth the following guidance for plan year 2025 pricing.

Cost Sharing Reduction Adjustments

1. Carriers should assume that at least 80% of the membership in a Silver plan will be in the two Platinum-level CSR variants of each plan (those with AVs of 87 and 94 percent). The assumed mix should be reasonable. For plan year 2026, this percentage will increase to 88%. For plan years 2027 and beyond, this percentage will be 95%.
2. Carriers should not use experience data for this plan-level adjustment. Instead, they should use the benefit relativities between the base plans and their variants. For those relativities, carriers should use their own pricing AVs rather than the federal AV Metal Values.
3. There is no need to reflect any additional induced utilization in the CSR load calculation for Platinum-level Silver CSR variants. The factors calculated below for Silver plans are sufficient.

Induced Demand Factors

Induced demand factors are to be calculated using the following formula: $1.24 - AV + AV^2$, where AV refers to the AV Metal Values from the federal AV calculator. For base values of 0.6 for Bronze, 0.7 for Silver, 0.8 for Gold, and 0.9 for Platinum, the formula returns the IDFs used in the risk adjustment formula (1.00, 1.03, 1.08, and 1.15 respectively).

² Using the ACA experience naturally takes into account the morbidity of the population expected to enroll in the plan and/or differences due to health status, both of which have been specifically disallowed for several years in the federal guidance. See 45 CFR § 156.80, as well as <https://www.cms.gov/files/document/urr-py23-instructions.pdf>.

³ <https://www.cms.gov/files/document/urr-py23-instructions.pdf>

Summary of Filing Timeframes for Plan Year 2025

| <u>Type of Plan</u> | <u>Filing Timeframe</u> |
|--|---|
| Single Risk Pool – Plans in Individual and Small Group ACA markets | File between June 15, 2024 and June 19, 2024 to meet federal and state guidelines. |
| Transitional | File at least 60 days prior to use. Filings, which include finalized rates, that are submitted on or before August 14, 2024 will have their reviews prioritized. <u>Filings submitted later than August 14 may have reviews extend beyond the intended implementation date.</u> |
| Grandfathered | File at least 30 days prior to use. |
| Student Health Plans | File at least 60 days prior to use. |
| Other Health Benefit Plans (Dental, Vision, etc.) | File at least 30 days prior to use. |

For additional detail regarding the timeframes in the chart above, please see the following sections.

Applicability

The rate filing timeframes apply to plan types subject to a determination of “reasonableness” pursuant to §376.465.7. For ease, this Bulletin will refer to the following plans as “Subsection 7 Plans”:

- “Health benefit plans” as defined in §376.465 (*excluding* plans sold in the large employer group market);
- Individual and small employer group plans subject to the requirements of the single risk pool;
- Student health plans; and
- Transitional plans.

Section 376.465 specifies the timeframes applicable to rate filings for all other health benefit plans including, but not limited to, grandfathered plans and excepted benefit plans.

File Rates for Individual and Small Group ACA Plans No Later than June 19, 2024

The Centers for Medicare and Medicaid Services (CMS), Center for Consumer Information and Insurance Oversight (CCIIO) designated Missouri as an “Effective Rate Review” state in 2017. To retain that status, the Department must ensure rate filings meet federal guidelines. This Bulletin serves to indicate that the Department intends to follow federal filing and posting

guidelines to the extent possible under Missouri law.

For Plan Year 2025, proposed rates for Individual and Small Group ACA plans must be submitted to the Department no earlier than June 15, 2024, and no later than June 19, 2024.

Federal law exempts student health plans from the filing deadlines applicable to single risk pool plans. Likewise, federal guidance indicates that transitional plans have different deadlines than single risk pool plans. However, in order to comply with Missouri law, rates for student health plans and transitional plans should be filed with the Department at least 60 days prior to the proposed effective date.

Post Proposed Rates for Individual and Small Group ACA Plans – August 1, 2024

Current federal guidelines require “Effective Rate Review” states to post proposed rates for single risk pool plans no later than August 1, 2024. The Department does not intend to post proposed rates earlier than this date.

Optional Quarterly Rate Filings for the Small Group Market

Current federal law permits single risk pool plans in the small group market to adjust rates as often as quarterly. As Missouri law does not limit the frequency of rate filings, health carriers may submit quarterly rate filings for small group market plans.

- 2025 Plans: Health carriers should submit rate filings by June 19, 2024. Rate filings for subsequent quarters should be filed at least 60 days prior to the proposed effective date, as required by §376.465.

Transitional Plan Rate Filings

Missouri law does not differentiate between transitional plans and other Subsection 7 plans. Therefore, transitional plan rates must be filed at least 60 days prior to implementation, and are subject to the same standards of review as other Subsection 7 plans. However, while current federal guidance for transitional health plans only requires rate submissions where the proposed rate increase exceeds the federally identified rate review threshold, under Missouri law all transitional plan rate changes must be filed with the Department, regardless of the magnitude or direction of the rate change.

Please note, for transitional plan rate changes that are less than the federal threshold, the Department will not require companies to also file concurrently with CMS per 20 CSR 400-13.100(8).

For Additional Rate Filing Guidance

General Instructions are available via the System for Electronic Rate and Form Filing (SERFF) for Missouri. Additional filing guidelines will be posted on the Department’s website and updated as necessary.

Rate Filings for other Health Benefit Plans

For filing requirements applicable to grandfathered and excepted benefit plans that are not Subsection 7 plans, please see §376.465. For dental plans that a health carrier or licensed pre-paid dental plan intends to make available on the exchange, rates must be filed in accordance with §376.465, or thirty (30) days prior to the intended effective date.

Any questions or comments regarding this Bulletin should be directed to Camille Anderson-Weddle at 573-522-3311 or Camille.Anderson-Weddle@insurance.mo.gov.

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