

Part II: Written Justification of Rate Increase

Coordinated Care Corporation

Annual Individual Health Rate Filing

Washington

Assuming CSR Subsidies are Unfunded

Effective January 1, 2024

Forms: 61836WA005

Coordinated Care Corporation is filing rates for the individual block of business, effective January 1, 2024. This document is submitted in conjunction with the Part I Unified Rate Review Template and the Part III Actuarial Memorandum.

The results are actuarial projections. Actual experience will differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions.

Scope and Range of the Rate Increase

Number of Individuals Impacted by Rate Increase: 56,003 individuals (membership as of March 2023)

The rating structure has not changed from 2023 to 2024; premium rates are developed based on the benefit plan, geographic area, age, and tobacco use of the insured. Premiums are charged for each individual in a family, but for no more than the three oldest dependent children under age 21. The rating factors for benefit plan and geographic area have changed. Tobacco and age factors have not changed. Renewing plans in 2024 will see rate changes, which vary depending on the plan selected and the member's location in the state. The average rate increase is 4.92%.

The components of the rate change are shown in Table 1. Further discussion of these drivers can be found below.

| Factor | Premium Impact vs. 2023 Filed Rates |
|---|---|
| Risk Adjustment and Statewide Average Premium | -1.0% |
| Single Risk Pool Experience and Average Morbidity | -1.6% |
| Unit Cost Trend | Core Network: 3.6% Cascade Select Care: 2.3% |
| Utilization Trend | 2.6% |
| Management Changes | -3.2% |
| Benefit Design and CSR Subsidies | (-3.5% to 2.2%) |
| Administrative Expenses and Profit | 2.0% |
| Prospective COVID-19 Adjustments | -0.8% |

Financial Experience of the Product

Risk Adjustment and Statewide Average Premium

Risk adjustment transfer experience for calendar year 2022 was projected forward to 2024, including consideration of changes to the statewide average premium, risk adjustment program, CCC enrollee population morbidity relative to the Washington single risk pool and the high-cost risk pool.

Single Risk Pool Experience and Utilization Trend

The individual single risk pool experience underlying the rate projections has been updated. The table below shows a summary of the pooled experience with adjustments.

| | Experience Period | | First Prior Period | | Second Prior Period | |
|--------------------------------------|-------------------|---------------|--------------------|---------------|---------------------|---------------|
| | From 1/1/2022 | To 12/31/2022 | From 1/1/2021 | To 12/31/2021 | From 1/1/2020 | To 12/31/2020 |
| Member Months | 401,580 | | 427,103 | | 485,971 | |
| Earned Premium | \$214,972,010 | | \$222,345,557 | | \$255,093,477 | |
| Paid Claims | \$143,695,278 | | \$167,933,025 | | \$176,656,784 | |
| Beginning Claim Reserve | \$18,979,466 | | \$16,437,823 | | \$17,838,035 | |
| Ending Claim Reserve | \$21,396,167 | | \$18,979,466 | | \$16,437,823 | |
| Incurred Claims | \$146,111,979 | | \$170,474,668 | | \$175,256,572 | |
| Expenses | \$29,994,985 | | \$37,076,876 | | \$47,199,136 | |
| Gain/Loss | \$38,865,046 | | \$14,794,012 | | \$32,637,770 | |
| Loss Ratio Percentage | 68.0% | | 76.7% | | 68.7% | |
| Reinsurance | \$0 | | \$0 | | \$44,738 | |
| Risk Adjustment Transfer Amount | (\$1,358,336) | | \$13,515,039 | | (\$1,788,255) | |
| High-Cost Risk Pool Transfer Amount | \$0 | | \$0 | | \$0 | |
| High-Cost Risk Pool Assessment | (\$785,524) | | (\$695,792) | | (\$615,290) | |
| HHS-RADV Adjustments | (\$813,542) | | \$0 | | (\$21,431) | |
| Adjusted Gain/Loss | \$35,907,644 | | \$27,613,260 | | \$30,257,532 | |
| Total Anticipated MLR Rebates | (\$2,623,808) | | (\$8,178,756) | | (\$10,159,986) | |
| Gain/Loss, Net of MLR | \$33,283,836 | | \$19,434,504 | | \$20,097,546 | |
| Gain/Loss, Net of MLR (% of Premium) | 15.5% | | 8.7% | | 7.9% | |

Changes in Medical Service Costs

Unit Cost Trend

Expected unit cost levels and reimbursement arrangements with providers have changed between 2023 and 2024. Additionally, certain third-party administrative expenses have been reclassified from claims to administrative expenses for consistency with medical loss ratio reporting.

Morbidity

Claims were adjusted for estimated differences in morbidity between CCC's 2022 membership and its projected 2024 membership, including consideration of potential risk pool enrollment and morbidity impacts resulting from Medicaid redeterminations and Washington's approved 1332 waiver.

Management Changes

We developed aggregate projected initiative savings amount by calculating the expected future savings from a large portfolio of individual initiatives. Savings are expected in 2024 from a wide range of investments in items such as population health, payment integrity work, pharmacy management initiatives, and network savings related to telehealth.

COVID-19

2024 rates reflect updated expectations regarding both direct expenditures and indirect cost impacts associated with the COVID-19 pandemic in the rating period.

Changes in Benefits

Benefit Design and CSR Subsidies

Coverage has been added for Accidental Dental and Routine Foot Care. Premium rates continue to reflect the expectation that CCC will not be reimbursed by the U.S. Department of Health and Human Services (HHS) for cost-sharing on CSR Silver plans. Enrollment projections reflect updated expectations regarding member plan selections by metal and CSR level, which in turn affect the required rate load to compensate for CSR non-funding.

Summary of Cost Sharing Changes

There are minimal cost share changes from 2023 to 2024. Diagnostic and Supplemental Breast Exams are now covered at no charge per SB 5396. Outpatient abortion is also now covered no charge. The tables below provide a high-level summary of the changes in deductible and out-of-pocket (OOP) maximum. Cost sharing changes are listed out in more detail in our actuarial memorandum appendices (Appendix 20.5). Plans without cost sharing changes are not listed. There may be other cost sharing changes, not listed, for more detailed services. The cost sharing changes may also impact premium rate changes.

| 2024 Plan Name | Deductible | | OOP Max | |
|--|------------|------------|---------|---------|
| | 2023 | 2024 | 2023 | 2024 |
| Ambetter Balanced Care 4 - Standard Silver On Exchange Plan | \$7550 INT | \$8150 INT | \$7,550 | \$8,150 |
| Ambetter Balanced Care 4 - 73% AV Level Silver Plan | \$6750 INT | \$7250 INT | \$6,750 | \$7,250 |
| Ambetter Balanced Care 4 - 87% AV Level Silver Plan | \$2300 INT | \$2300 INT | \$2,300 | \$2,300 |
| Ambetter Balanced Care 4 - 94% AV Level Silver Plan | \$600 INT | \$700 INT | \$600 | \$700 |
| Ambetter Secure Care 5 - Standard Gold On Exchange Plan | \$1450 INT | \$1450 INT | \$7,500 | \$7,500 |
| Ambetter Cascade Silver - Standard Silver On Exchange Plan | \$2500 INT | \$2500 INT | \$8,500 | \$9,200 |
| Ambetter Cascade Silver - 73% AV Level Silver Plan | \$2500 INT | \$2500 INT | \$7,250 | \$7,550 |
| Ambetter Cascade Silver - 87% AV Level Silver Plan | \$750 | \$750 | \$2,400 | \$2,500 |
| Ambetter Cascade Silver - 94% AV Level Silver Plan | \$0 INT | \$0 INT | \$1,200 | \$1,200 |
| Ambetter Cascade Gold - Standard Gold On Exchange Plan | \$600 | \$600 | \$5,900 | \$6,100 |
| Ambetter Essential Care 1 - Standard Bronze On Exchange Plan | \$8600 INT | \$9000 INT | \$8,600 | \$9,000 |
| Ambetter Cascade Bronze - Standard Bronze On Exchange Plan | \$6000 INT | \$6000 INT | \$8,550 | \$9,200 |
| Ambetter Essential Care: \$0 Medical Deductible - Standard Bronze On Exchange Plan | \$0 | \$0 | \$8,700 | \$9,250 |
| Ambetter Clear Gold - Standard Gold On Exchange Plan | \$900 INT | \$900 INT | \$8,700 | \$8,700 |
| Ambetter Cascade Select Bronze - Standard Bronze On Exchange Plan | \$6000 INT | \$6000 INT | \$8,550 | \$9,200 |
| Ambetter Cascade Select Silver - Standard Silver On Exchange Plan | \$2500 INT | \$2500 INT | \$8,500 | \$9,200 |
| Ambetter Cascade Select Silver - 73% AV Level Silver Plan | \$2500 INT | \$2500 INT | \$7,250 | \$7,550 |
| Ambetter Cascade Select Silver - 87% AV Level Silver Plan | \$750 | \$750 | \$2,400 | \$2,500 |
| Ambetter Cascade Select Silver - 94% AV Level Silver Plan | \$0 INT | \$0 INT | \$1,200 | \$1,200 |
| Ambetter Cascade Select Gold - Standard Gold On Exchange Plan | \$600 | \$600 | \$5,900 | \$6,100 |

Administrative Costs and Anticipated Margin

Administrative Expenses and Profit

Expected costs for Core Administrative Costs and Provider Incentive Payments increased between 2023 and 2024. An after-tax profit & risk load of \$21.05 was applied proportionally to all products.