Delaware Health Insurance Rate Filing Requirements

Part II Preliminary Justification—Content and Format Requirements

The Delaware Insurance Department (DOI) requires all health insurance companies, also referred to as "Issuers", who submit Rate Filings for products offered in the single risk pool in the individual and small group market to submit a Part II Preliminary Justification*, regardless of whether the rate filing reflects a positive, negative or neutral rate change.*

Beginning with Rate Filings for Coverage Year 2017, the DOI is implementing the following content requirements and format guidelines to enhance transparency for consumers and to ensure consistency of information across Issuers. The DOI requests that companies address each item within each section and in the sequence outlined below. ***Issuers are reminded to use clear, consumer-friendly language to promote broad public understanding****.*

General Information

- Company Legal Name **Celtic Insurance Company**
- Market for which proposed rates apply (Individual or Small Group) **Individual Market**
- Total proposed rate change (increase/decrease) **-14.0%**
- Effective date of proposed rate change **January 1, 2025**

Summary

- Provide a brief narrative summary of the scope and range of the rate change (i.e., increase or decrease) as well as the number of people impacted. Include how the rate change varies across products/plans.

  The overall rate decrease of 14.0% will affect 954 individual members. The rate change will vary by product and plan, ranging from a 15.9% decrease to a 6.1% decrease.

- Provide a summary of the historical revenue, claims, expenses and profit on the product(s), and how the rate change should impact these in the future.

  We do not have any historical revenue, claims, expenses, or profit to report as Celtic Insurance Company entered the Delaware individual market on January 1, 2024.

- Provide a chart (example below) listing all components of the proposed rate change (increase/decrease). Please note the factors used in this chart are for illustrative purposes only and the Company should use factors pertaining to their proposed rate change. All factors should multiply to the Total Proposed Rate Change (increase/decrease).

Factor	Rate Change
Experience & Morbidity	-5.4%
Unit Cost Trend	-18.5%
Utilization	11.0%
Non-Benefit Expenses	0.5%
Total	**-14.0%**

- State the proposed average rate change (increase/decrease). *(Must match the proposed average rate change as indicated in HIOS, Actuarial Memorandum and Company Rate Information Page in SERFF. Please note that the average rate change reported in all three locations should match.)*

  The proposed average rate change is a 14.0% decrease.

- Provide a brief explanation for the rate change in each of the factors shown in the chart.

  - **Experience & Morbidity –** The individual single risk pool experience underlying the rate projections has been updated. The current model reflects the projected utilization trend applied to adjusted experience (from 2023 to 2025), including anticipated changes in the average morbidity of the single risk pool.
  - **Unit Cost Trend –** Unit costs and provider reimbursement agreements have been updated to reflect changes in the rating year.
  - **Utilization –** The projected utilization trends are consistent with observed historical trends based on internal analysis of our marketplace experience, supplemented by the Milliman Health Cost Guidelines.
  - **Non-Benefit Expenses –** Changes in general administrative expenses have been incorporated into 2025 rates are resulting in a rate increase due to differences from prior year expense assumptions.

Reason for Proposed Rate Change (Increase/Decrease)

- Provide a brief narrative discussing all the reasons for the proposed rate change in Delaware, including, but not limited to:
  - How provider costs and utilization contribute to the need for the rate change
  - How legally required benefit changes contribute to the need for the rate change
  - How administrative costs and anticipated profits contribute to the need for the rate change

The proposed rate change is due to the factors discussed in the proposed rate change section above.

Due to changes in the projected provider reimbursement level and utilization, the assumed trend is a necessary component of the rate change.

Legally required benefit changes had minimal impacts on rates.

Administrative costs and anticipated profits increased rates by 0.5%.

Effect of the Average Proposed Rate Change (Increase/Decrease) on Policyholders

- Provide the period for which the rates will apply.

January 1, 2025 – December 21, 2025

- Provide the number of members affected by the proposed rate change.

  The proposed rate change applies to 954 individual members.

- Provide a brief narrative discussing new plans, plans that are not renewed and whether the proposed rate change applies to all plans. If no, provide a listing of all proposed rate changes by product/plan.

  New and non-renewed plans are not included in the proposed average rate change calculation.

  Celtic Insurance Company is introducing two new plans in 2025:

64004DE0090013	**Elite Silver**
64004DE0100013	**Elite Silver + Vision + Adult Dental**

  The following plans will not be renewed in 2025:

64004DE0090003	**Elite Bronze**
64004DE0100003	**Elite Bronze + Vision + Adult Dental**
64004DE0090005	**Everyday Silver**
64004DE0100005	**Everyday Silver + Vision + Adult Dental**
64004DE0090006	**Clear Silver**
64004DE0100006	**Clear Silver + Vision + Adult Dental**
64004DE0100008	**Standard Silver + Vision + Adult Dental**
64004DE0090010	**Everyday Gold**
64004DE0100010	**Everyday Gold + Vision + Adult Dental**

- Discuss why the rate changes vary and how they vary.

  Rate changes vary by product and plan due to differences in actuarial value, benefit richness, and induced utilization.

Medical Loss Ratio (MLR)

Under the ACA, at least 80% of the premiums collected by health plans are expected to pay for medical care and activities that improve health care quality for members. If the actual MLR falls below 80%, the insurance company will issue rebates to members in accordance with the law.

- What is the projected MLR for the proposed rate(s)?

The projected medical loss ratio (MLR) is 83.8%. The projected MLR is based on the prescribed calculation from 45 CFR 158, but solely reflects the projection year single risk pool experience, rather than the three-year combined period that is used for determining MLR rebates.

- How does the proposed rate change (increase/decrease) align with the projected MLR?

  The projected medical loss ratio (MLR) includes the proposed 14.0% rate decrease for 2025.

- What types of activities does the Company conduct to improve the health care quality for members that are included as part of the 80% (or greater) share?

  Celtic Insurance Company engages in several programs to help improve the health care quality for members. My Health Pays is a program that rewards members for completing health activities. We are also continuing to set incentives for providers to achieve pre-determined quality metrics and provide more efficient care.

- Discuss specifically what the Company is doing to keep premiums affordable.

  In building our product, we keep in mind our target population, which includes lower income, uninsured, and former Medicaid members. To meet these members' needs, we take deliberate network, product, and marketing actions to provide an attractive product at low cost.