

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 **AmeriHealth Caritas VIP Next, Inc.**
- Market for which proposed rates apply (Individual or Small Group) **Individual**
- Total proposed rate change (increase/decrease) **6.05% increase**
- 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 increase of 6.05% will impact 4,181 individual members in Delaware. The enrollment of 4,181 members is as of February 2024. The rate change varies by product, ranging from a 4.82% increase to a 9.01% increase.

- 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.

AmeriHealth Caritas VIP Next, Inc. entered the Delaware Individual and Family Plans exchange on January 1, 2023, and therefore only has one year of historical revenue, claims, expenses and profit to report.

Premiums of \$955,506 were received in PY 2023.

Paid claims in PY 2023 were \$202,257. Expenses in PY 2023 were \$1,195,515 and Operating Income in PY 2023 was -\$1,064,595.

This historical data is not yet credible and therefore 2025 premiums are entirely based on a manual rate. Revenue is expected to increase on a per member basis with the rate change.

- 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).

Please see the table on the next page

Category	Rate Change
Base Experience on 2024 basis	0.0%
Trend - 2024 to 2025	5.2%
Morbidity	-6.9%
Demographic	-0.7%
Non-benefits Expenses	1.5%
Provider Contracting	4.2%
Other	3.1%
Total	6.05%

- 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 6.05% increase.

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

Base experience: the manual base rate is from 2021 and is sourced from MarketScan. In 2022, the MarketScan data was insufficient in Delaware and therefore the 2021 manual base rate was maintained.

Trend – 2021 to 2024: the best estimate of trend for years 2022, 2023, and 2024 is the same as the plan year 2024 build-up.

Trend – 2024 to 2025: an additional year of trend was applied to bring the rate to be on a 2025 basis.

Morbidity: The morbidity adjustment reflects expected change to the average morbidity of the individual risk pool in Delaware, including the expected impact of Medicaid Redetermination.

Demographic: The morbidity adjustment reflects expected change to the average age of the individual risk pool in Delaware.

Non-benefit Expenses: The change in administrative expenses and commission payments.

Provider Contracting: The negotiated contracts with providers in Delaware have become more costly due to contract escalators since the plan year 2024 rate build-up.

Other: reflects plan design changes, fees, 1332 waiver impact, the weighting difference between projected enrollment and current enrollment as well as % of premium impacts.

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 prior section.

The projected provider reimbursement level increased from the prior year, prompting the proposed rate increase compared to plan year 2024.

Legally required benefit changes did not contribute meaningfully to the need for the rate change.

Administrative costs and anticipated profits contributed a 3.4% increase to the rates.

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

- Provide the period for which the rates will apply.
January 1, 2025 through December 31, 2025
- Provide the number of members affected by the proposed rate change.
4,181 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 plans are not included in the overall average rate change calculation for plan year 2025.

AmeriHealth Caritas VIP Next, Inc. is introducing two new plans on January 1, 2025:

72760DE0010008	AmeriHealth Caritas Next Silver Deluxe + No-Referrals
72760DE0010009	AmeriHealth Caritas Next Gold Deluxe + No-Referrals

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

The rate changes vary based on 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 federal medical loss ratio is 85.1%. The federal medical loss ratio is the proportion of anticipated claims when compared to anticipated premium net of taxes and fees.

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

The projected federal medical loss ratio of 85.1% is inclusive of the 6.05% rate increase proposed.

- 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?

The AmeriHealth Caritas Next Delaware Plan engages in the following activities to improve health care quality for our members;

- **Provides integrated health care management programs and care coordination to help members achieve optimal health goals.**
 - **Engages in quality measurement and reporting, identifying providers and members with care gaps and implementing interventions to improve health outcomes.**
 - **Reduces health and health care disparities through data analysis, including social determinants of health, to determine differences in quality of care and utilization, as well as the underlying reasons for variations in the provision of care to members.**
 - **Coordinates services between various levels of care, network practitioners, and community resources to ensure continuity of care and promote optimal physical, psychosocial, and functional wellness.**
 - **Designs and implements wellness, health promotion, and chronic disease management programs to coordinate care and maximize health outcomes for members**
 - **Conducts outreach campaigns and health education activities that lead to healthy lifestyles.**
 - **Evaluates member safety through assessment of quality of care concerns, grievances, appeals, and member experience surveys.**
- Discuss specifically what the Company is doing to keep premiums affordable.

AmeriHealth Caritas VIP Next, Inc.'s products are focused on providing Delaware residents access to affordable and high-quality care. To keep premiums affordable AmeriHealth Caritas VIP Next, Inc. negotiates with high-quality and efficient providers, provides quality assessment and performance improvement programs, and monitors fraud, waste and abuse.