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) **34.99% increase**
- Effective date of proposed rate change **January 1, 2026**

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 34.99% will impact 5,782 individual members in Delaware. The enrollment of 5,782 members is as of February 2025. The rate change varies by plan, ranging from a 26.43% increase to a 39.60% 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. (AHC) entered the Delaware Individual and Family Plans exchange on January 1, 2023, and therefore only has two years of historical revenue, claims, expenses and profit to report.

  Premiums of $955,506 and $42,027,953 were received in PY 2023 and PY 2024, respectively.

  Paid claims in PY 2023 were $240,011. As of the year end close, AHC calculated the expenses in PY 2023 to be $1,195,515 and an Operating Income in PY 2023 of (-$1,064,595).

  Paid claims in PY 2024 were $36,705,165.02. As of the year end close, AHC calculated the expenses in PY 2024 to be $12,639,993 and an Operating Income in PY 2024 of (-$8,841,041).

  This historical data became fully credible in 2024 and therefore 2026 premiums are entirely based on experience data. 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).

  The table below demonstrates the rate increase broken out by key categories limited to the proposed 2026 rate change. Note that the basis for developing the rates changed from a 100% manual rate used for the 2025 rates to one that is 100% experience rated for PY 2026. The table below represents our estimated break down of the overall rate change into the key categories listed.

Category	Rate Change
Trend - 2025 to 2026	5.5%
Expiration of Enhanced PTCs	5.7%
Demographic	0.0%
Risk Adjustment	23.6%
Reinsurance	8.4%
Other	-9.7%
Total	**34.99%**

- 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 34.99% increase.

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

  Trend – 2025 to 2026: a trend of 5.5% was applied to account for utilization and pharmacy cost trend.

  Expiration of Enhanced PTCs: The expiration of enhanced PTCs is expected to decrease the DE market enrollment and as a result increase morbidity in the single risk pool.

  Risk Adjustment: The recent 2024 final risk adjustment report along with emerging experience in regards to projected premium increases for the state results in a higher risk transfer payable than initially expected.

  Reinsurance: The final 2026 prescribed reinsurance parameters result in a large decrease to the claims expected to be covered under the reinsurance program, therefore leading to the projected increase in rates.

  Other: Reflects plan design changes, 1332 waiver impact, and other changes.

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.

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

Profits and administrative cots as a percentage have not materially changed and have minimal impacts in the rate change.

The largest drivers of the rate increase are risk adjustment and reinsurance changes as discussed in the prior section.

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

- Provide the period for which the rates will apply.
  January 1, 2026 through December 31, 2026
- Provide the number of members affected by the proposed rate change.
  5,782 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 2026.

  AmeriHealth Caritas VIP Next, Inc. is introducing one new plan on January 1, 2026:

  72760DE0010010 AmeriHealth Caritas Next Silver Off-Marketplace Low + 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 84.9%. 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 84.9% is inclusive of the 34.99% rate increase being 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.