

MERGED MARKET RATE FILING SUMMARY (211 CMR 66.08(3)(c))

OVERVIEW OF THE FILING

Name of Company: ConnectiCare of Massachusetts, Inc.

Actuary Responsible for Filing: Kevin Anderson, ASA, MAAA

Coverage Period for Rates Filed: Issued/Renewed in CY2024

Number of Plans Filed: 5 Plans Filed for CY2024

Number of Renewing Individuals and Dependents: 0

Number of Renewing Small Groups: 42 Small Groups renewing in
1Q'2024

Number of Renewing Small Group Members: 54 Small Group Members
renewing in 1Q'2024

Overall Average Proposed Rate Change over Prior Period: +8.6% Proposed Rate Change over
1Q'2023 Rates

KEY DRIVERS FOR THE PROPOSED RATE CHANGE

Change in Medical Service Costs

The changes in the baseline periods of experience reflects the impact of change in medical costs after application of rating methodology (experience and manual blending) compared to the previous year. These changes contribute -1.8% towards the proposed rate change. The rate development is a blend of experience (CMI) and manual (Connecticut small group experience) and the change in base period captures the impact of any rating methodology changes from the previous period (experience blending, credibility weighting etc.).

Changes in the projected non-fee-for-service claims in 2024 compared to the 2023 rate development contribute -2.2% towards the proposed rate change.

The proposed medical trend rate for 2024 is 10.6%, which contributes 9.5% towards the proposed change to our rates.

COVID-19

We have estimated the impact of COVID-19 to contribute -1.4% towards the proposed rate change in 2024. Additional detail is included in the "COVID-19" worksheet included in the attached Data Collection Tool.

Administrative Costs and Anticipated Margin

The total charge for administrative expenses, quality improvement costs and commissions is 9.8% of premium in 2024. The after-income tax profit margin in 2024 has been kept consistent with the 2023 pricing assumption of 1.03% of premium. The provision for taxes and fees is 0.0% of premium due to the removal of the Health Insurer Fee in 2022. Overall, the changes to administrative costs, anticipated margins and taxes and fees contribute 0.3% to the proposed rate change.

Changes in Benefit Factors

No cost sharing changes were made at the plan level in 2024. All plans continue to meet prescribed metallic actuarial value levels. This contributes 0.0% towards the proposed change to our rates.

Risk Adjustment Transfers

The ACA requires some health insurers to pay other health insurers in the same market to compensate them for insuring individuals with higher health care costs. There is an unfavorable change from the assumption in 2023 to the assumption for 2024. This change contributes 4.4% towards the proposed change to our rates.

See accompanying file called “Exhibit for Public Release” for additional detail.

SUMMARY OF COST-SHARING AND BENEFITS

See accompanying file called “Exhibit for Public Release.”

GENERAL METHODOLOGY FOR ESTABLISHING RATES OF REIMBURSEMENT

Provider reimbursement varies significantly on both the facility and physician contracts in our service area. Each contract is negotiated with the facility, IPA, PHO, or direct providers based on our perceived need to have those providers in our network to serve our membership. The needs can be based on employer group requests, member requests, quality, capabilities and network adequacy.

Each contract negotiation is unique and is driven by our desire to best serve the needs of our members with the provider’s need to make a fair return on their business. There are many issues facing providers that get negotiated through the process (examples are costs for new technologies, medical malpractice, and underpayments from government payers). Ideally, we look to have the best contracts for our members so that we can put cost-effective health insurance policies into the market and better serve our customers.

SUMMARY OF ADMINISTRATIVE EXPENSES

See accompanying file called “Exhibit for Public Release.”

MEDICAL LOSS RATIOS

See accompanying file called “Exhibit for Public Release.”

CONTRIBUTION TO SURPLUS

The after-income tax profit margin in 2024 has been kept consistent with the 2023 pricing assumption of 1.03% of premium to maintain year-over-year and quarter-over-quarter consistency for plan premiums over this period.

DIFFERENCES FROM FILED FINANCIAL STATEMENT

Not applicable

COST CONTAINMENT PROGRAMS

The medical management programs for ConnectiCare of Massachusetts, Inc. (“ConnectiCare”) encompass:

- Medical management programs, including precertification of hospital admissions, concurrent review, discharge planning, a post-discharge follow-up program (readmission management) and authorization of selected ambulatory procedures and services.
- Health management (disease management) and wellness programs, which are targeted at reducing the need for “crisis care.” Current in-sourced health management programs include coronary artery disease and congestive heart failure, asthma, chronic obstructive pulmonary disease (COPD) and diabetes.
- High risk member identification and management initiatives (complex case management). Current outsourced programs include Special Care Case Management, Chronic Kidney Disease & ESRD, Oncology Support and Transplant management.
- Pharmacy management in partnership with the vendor, Express Scripts (ESI).
- Through its Quality Improvement Program, OPTUM Health Behavioral Solutions (OHBS) tracks and monitors the effectiveness of all aspects of behavioral health services.
- Finally, we support providers to deliver quality care through comprehensive quality improvement programs including initiatives focused on HEDIS measures, preventive health initiatives, pharmacy quality improvement initiatives and patient safety initiatives.

A detailed description of each program can be found in the supplemental attachment titled “011 CMI SG Rate Filing CY2024” under the Cost Containment and Medical Management Programs section.