



KIM REYNOLDS
GOVERNOR

DOUG OMMEN
COMMISSIONER OF INSURANCE

ADAM GREGG
LT. GOVERNOR

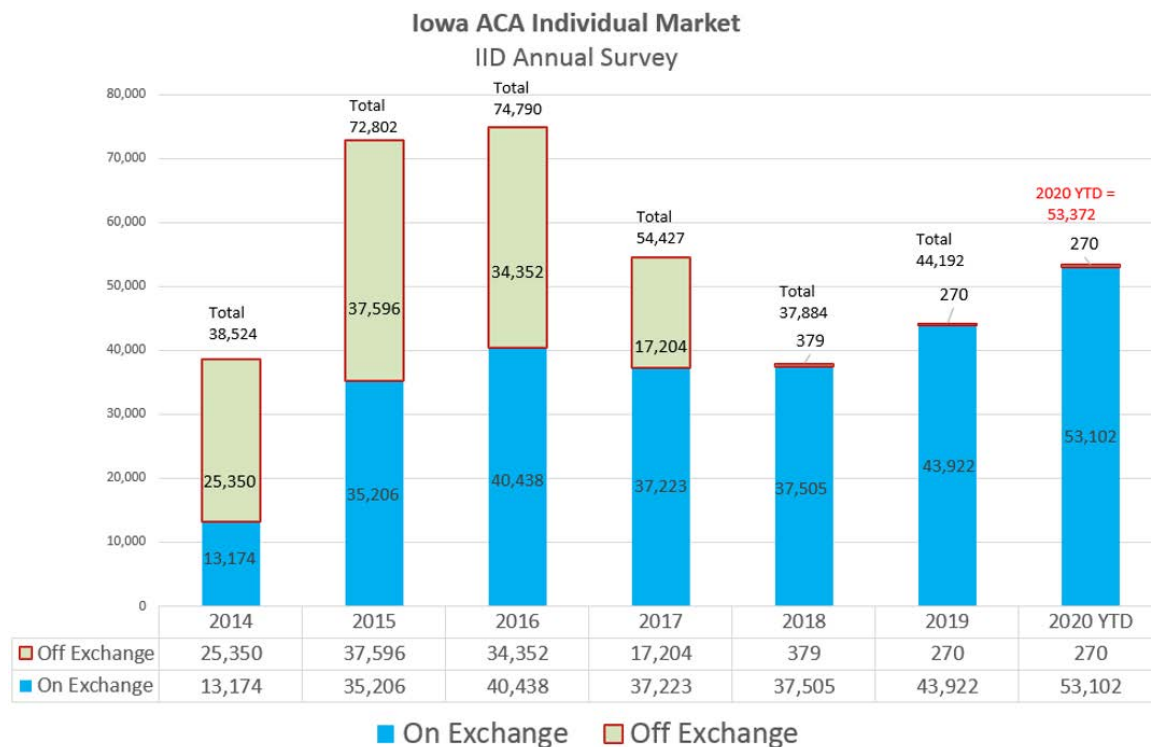
November 15, 2020

Governor Kim Reynolds
1007 East Grand Avenue
Des Moines, Iowa 50319

Governor Reynolds,

Enclosed please find the Division’s Annual Health Care Costs report, which examines health care costs in the State of Iowa for 2019 as required by Iowa Code §505.18. While this report provides information regarding the costs of all health care insurance across the state in 2019, it seems appropriate to provide additional information on the current status of Iowa’s individual health insurance market as well.

As you are aware, the structural defects of the ACA have caused Iowa’s individual health insurance market to collapse. Iowa’s individual ACA market has seen a nearly 50 percent decrease in enrollment from its peak during 2016 to the end of 2018. However, as shown in the chart below, Iowa’s individual market has increased in 2019 and year to date 2020 due to new options in the market. This increase in individual market policies may be attributed to a 9% decrease in premiums in 2019 and 11% decrease in 2020.



While the ACA-compliant insurance market is available to Iowans, due to structural flaws within the ACA's subsidy structure, most Iowans have been priced out of that market if they are not currently receiving federal subsidies to help pay premiums.

The structural flaws within the ACA can be identified as follows:

- 1. The lack of a predictable reinsurance mechanism** that addresses the disproportionate share of Iowans with high cost, persistent condition claims in the individual market;
- 2. An income-only-based subsidy design** that results in a married 28-year-old with an income of \$68,598 having the same price experience as a married 62-year-old with the same income. Both age groups pay \$562 per month for the same silver plan. 28-year-old adults do not perceive they have the same risk as a 62-year-old or that they should pay the same for healthcare coverage. This flaw removes any actual risk determination from the price structure in the ACA and has resulted in an older, sicker risk pool in which young Iowans have fled the market causing even higher rates for those who remain; and
- 3. An age banding limitation of 3:1** that disadvantages many young adults driving them away so that the middle-aged Iowans in the ACA risk pool now pay more than triple the rate they paid when they shared the market with more young people under Iowa's pre-ACA 5:1 rate banding limitation

Lack of a Reinsurance Mechanism

Carriers did not fully understand the health status of the population when the ACA markets first opened, and found that these individuals were, on average, less healthy than those who receive coverage through their employer sponsored plans and had a high level of healthcare utilization.

This trend continued and in 2016, 5% of the population in the individual health insurance market accounted for 70% of the claims experience. As premiums continued to rise to compensate for these catastrophic claims, healthy individuals departed the market. At this juncture, the ACA provides no fall back mechanism for the insurance carrier to shield the rest of its risk pool from these catastrophic claims.

Income-Only-Based Subsidies

The ACA's income-based subsidy structure is flawed. The ACA's subsidy structure does not account for either age or net worth. Both are vital to making the ACA market function properly.

As shown in the chart below many younger individuals are choosing not to participate in the ACA-compliant market because their premium rates are not correlated to their risk; rather, their premium rates are capped based on their income at a percentage amount determined and applied across all individuals. The risk associated with insuring the average 62-year-old is higher than that for insuring a 28-year-old, and the subsidy structure has destroyed this correlation.

The ACA's 3:1 age-based risk band restrictions, especially as coupled with an income-based subsidy structure, has been unappealing to many healthy, lower to moderate income young adults. The premium amount that subsidized consumers are responsible for contributing is capped under the ACA at a percentage of the consumer's income and remains capped at this federally established level regardless of their age or how high the premiums increase. The most that a subsidized individual will pay in premium costs for a silver plan is 9.83% of their income in 2021. This amount is virtually the same whether an individual is age 28 or age 62. The most any single individual who receives subsidies will pay is \$407-\$415 per month for the second lowest silver plan. As premiums have doubled subsidized individuals continue to have their premiums capped at the rate established by the federal government, which to date, has remained below 10 percent of an individual's income. Federal taxpayers pick up the balance between the income capped premium payment and the premium costs.

The chart below shows what a single subsidized 28-year-old and a single subsidized 62-year-old pay in relation to their incomes, which again, no longer bears any relationship to their actual risk rate.

Youth and its Subsidy Disadvantage

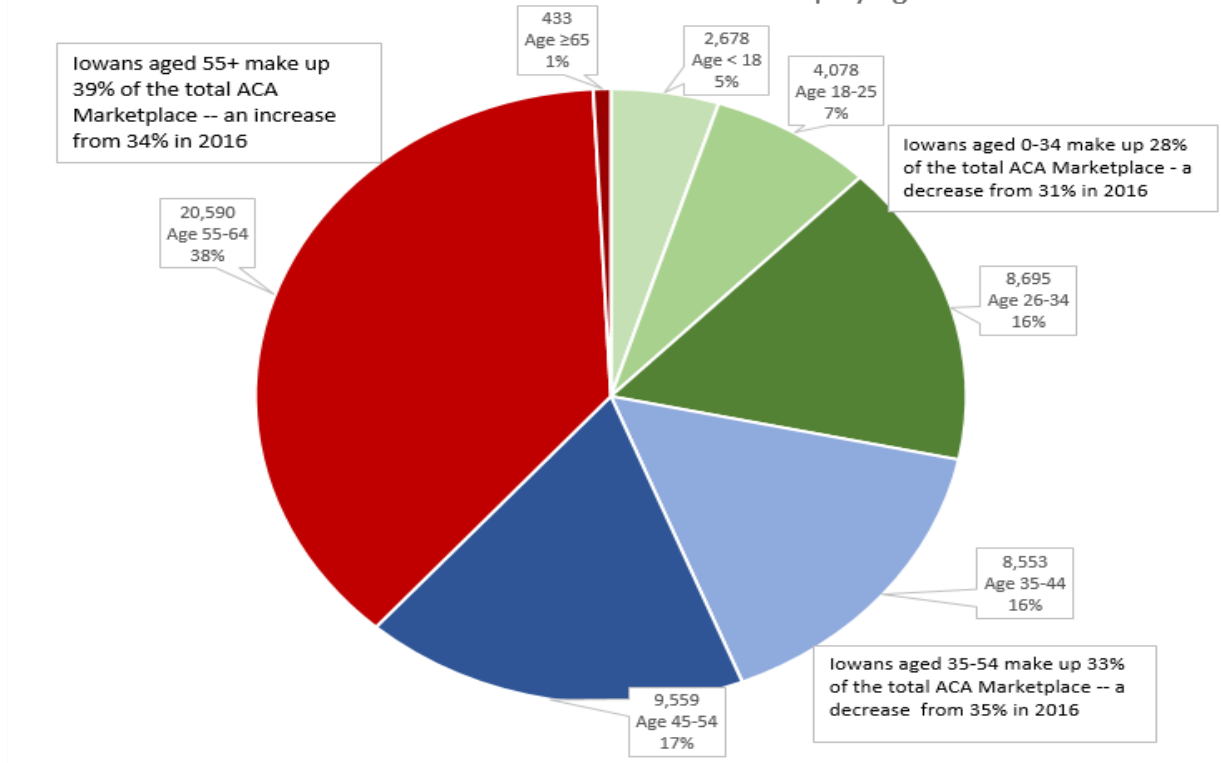
<400% FPL Single Individual in 2nd Lowest Silver Plan

Age	2nd Lowest Silver	Income	% FPL	Max % Income	Max Monthly Payment	Max Annual Payment	Annual APTC
28	\$407	\$25,213	199.00%	6.47%	\$136	\$1,631	\$3,259
62	\$1,077	\$25,213	199.00%	6.47%	\$136	\$1,631	\$11,293
28	\$407	\$50,679	399.99%	9.83%	* \$407	\$4,982	\$0
62	\$1,077	\$50,679	399.99%	9.83%	\$415	\$4,982	\$7,942

* The Max Monthly Payment in this example is actually \$415 utilizing Federal parameters, so this produces a \$0 APTC under the ACA @ this level of income (399.99% of FPL)

Today, Iowa's individual ACA market is marked with adverse selection in membership by age. While 55 percent of the market are ages 45 and older, those ages 35 through 44 make up 15 percent of the market. Those 34 and younger make up the remaining 28 percent, a decrease from 31 percent in 2016.

2020 Iowa ACA Individual Market Membership by Age Bracket



Further, those consumers who do not receive federal subsidies (incomes above 400% federal poverty level) are asked to pay the entire amount of these substantial premium rates and have acutely felt these unaffordable premiums.

The subsidy structure has also led to the development of a dramatic rate cliff for individuals and families near the subsidy eligibility line. There is a drastic difference in rates for individuals and families based on a few hundred dollars of annual income. As an example, the premiums for a couple living in Iowa City who are both 55 years and earn just under 400% FPL (approximately \$68,598) are capped at 9.83% of their income or \$6,743 annually. On the other hand, the premiums for a couple living in Iowa City who are both 55 years and earn just over 400% FPL (approximately \$68,602) are \$20,063 annually. There is a \$13,320 increase in premiums for a \$4 difference in income! Many individuals whose incomes fall near the rate cliff by a few dollars could in effect cause them to have to repay tens of thousands of dollars of federal subsidies back to the federal government. The Division has anecdotal evidence of individuals and families who reduce their hours or even quit jobs to become subsidy eligible. The Division has also heard of couples attempting to become subsidy eligible by divorcing so their incomes can be counted individually rather than as a family unit.

Insurance Rate -- Family Income Cliff

55-year-old couple in 2nd Lowest Silver Plan

Age	2nd Lowest Silver	Income	% FPL	Max % Income	Max Monthly Payment	Max Annual Payment	Annual APTC
55	\$1,672	\$34,129	199.00%	6.47%	\$184	\$2,208	\$17,855
55	\$1,672	\$68,598	399.99%	9.83%	\$562	\$6,743	\$13,320
55	\$1,672	\$68,602	400.01%	29.25%	\$1,672	\$20,063	0

Insurance Rate -- Family Income Cliff

28-year-old couple with twins age 4 in 2nd Lowest Silver Plan

Age	2nd Lowest Silver	Income	% FPL	Max % Income	Max Monthly Payment	Max Annual Payment	Annual APTC
28	\$1,389	\$51,959	199.00%	6.47%	\$280	\$3,362	\$13,300
28	\$1,389	\$104,437	399.99%	9.83%	\$856	\$10,266	\$6,396
28	\$1,389	\$104,443	400.01%	15.95%	\$1,389	\$16,662	0

Slide 8 *may* not perfectly match HealthCare.gov (Window Shopping) because we are not adjusting for pediatric dental pursuant to 26 CFR 1.36B-3(f)(3).

Insurance Rate -- Single Income Cliff

28-year-old single in 2nd Lowest Silver Plan

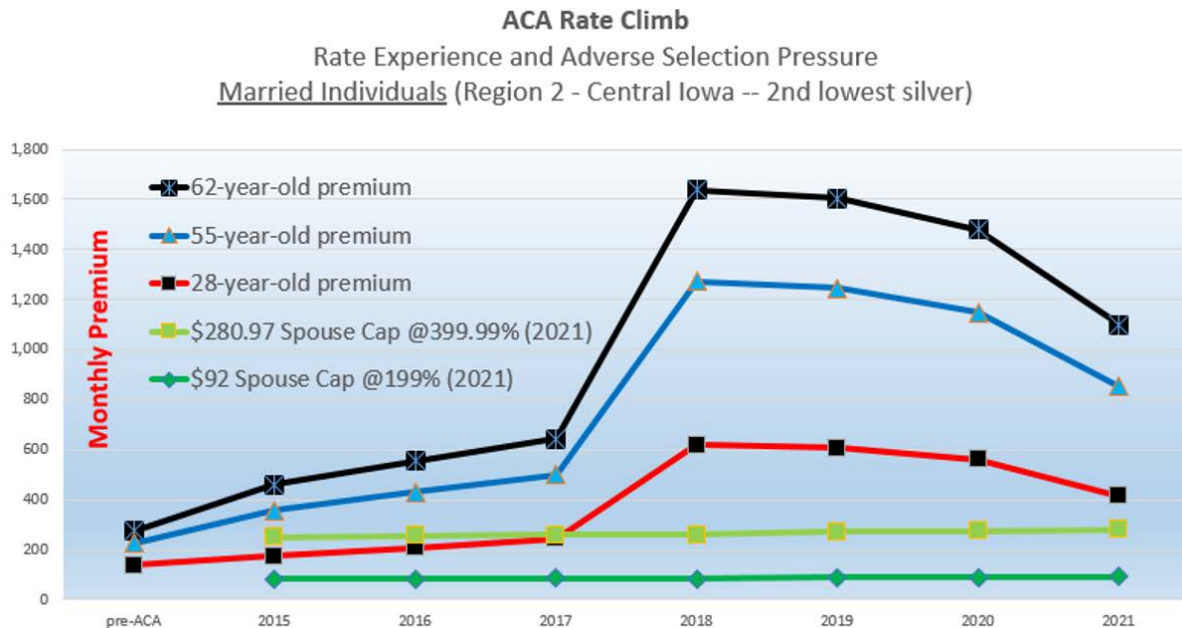
Age	2nd Lowest Silver	Income	% FPL	Max % Income	Max Monthly Payment	Max Annual Payment	Annual APTC
28	\$407	\$25,213	199.00%	6.47%	\$136	\$1,631	\$3,259
28	\$407	\$50,679	399.99%	9.83%	* \$407	\$4,982	\$0
28	\$407	\$50,681	400.01%	9.65%	\$407	\$4,890	0

* The Max Monthly Payment in this example is actually \$415 utilizing Federal parameters, so this produces a \$0 APTC under the ACA @ this level of income (399.99% of FPL)

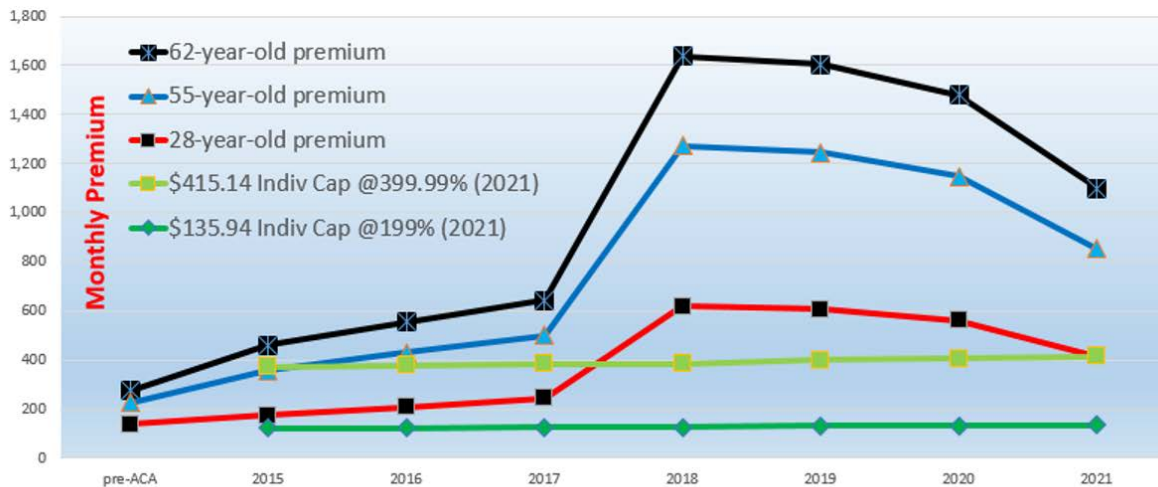
Additionally, net worth is not considered within the ACA's flawed subsidy structure. For example, an early retiree with millions of dollars in assets, but with little or no income can qualify for the same federal subsidies that a person with no assets because both make more than 138% but less than 400% of federal poverty level.

Age banding limitation of 3:1

The full effect of the age banding has become more evident as the other structural defects of the ACA were realized. Iowa's individual ACA market is now heavily subsidized and has a significantly higher proportion of consumer who are over the age of 45 or who have high healthcare costs. Premiums are calculated based on the claims experience of those that remain in the market. These charts show the impact of the 3:1 banding.



ACA Rate Climb
 Rate Experience and Adverse Selection Pressure
Single Individuals (Region 2 - Central Iowa -- 2nd lowest silver)



Iowa needs support and increased flexibility from the Departments to design a market solution that includes but is not limited to the following areas:

- Reinsurance for persistent, high cost pre-existing conditions with utilization/pricing regulation on specialty drugs;
- State equity in reinsurance and subsidy funding;
- Age-based subsidy to provide age banding in the market;
- Additional benefit design flexibility; and
- Meaningful continuous coverage requirements for annual and special enrollment.

Important Information About Individual Coverage for 2021

In 2021, Medica, Oscar, and Wellmark Health Plan of Iowa will be offering ACA-compliant individual health insurance plans to Iowans. Medica and Wellmark Health Plan of Iowa will serve Iowans in all 99 counties while Oscar will serve Iowans in Black Hawk, Bremer, Buchanan, Butler, Cerro Gordo, Chickasaw, Dallas, Delaware, Dubuque, Floyd, Franklin, Hancock, Jackson, Jasper, Jones, Madison, Marion, Mitchell, Plymouth, Polk, Warren, Woodbury, and Worth counties.

Options for Iowans Outside the ACA Market: In 2018, the federal government passed regulations to expand the duration of short-term limited duration (STLD) plans from 3 months to up to 3 years. Regulations were also passed to expand upon the ability for multiple employer welfare arrangements (MEWAs) to offer healthcare coverage.

STLD plans: The federal government gave states wide latitude in the regulation of STLD plans and while many vilified these plans as ‘junk’ plans that wouldn’t cover pre-existing conditions, Iowa took advantage of the opportunity to offer a viable health coverage option for those who were priced out of the ACA market. The IID worked collaboratively with the agent community, health insurance carriers, medical providers and other stakeholders to create regulations that would benefit consumers and address concerns of each stakeholder group. This work resulted in Iowa passing regulations to

require all STLD plans have a minimum benefit floor similar to the benefits offered through ACA plans with the exclusions of maternity care and pediatric services. STLD plans offered in Iowa must also have a maximum out of pocket cost for the consumer, a minimum of \$500,000 of coverage offered by the carrier and, for those plans that are renewable, pre-existing conditions must be covered in the renewal periods.

Plan options are listed on the IID's website.

MEWAs: The federal government also expanded upon the definition of an 'employer' to allow sole proprietors and geographically based groups to offer healthcare coverage through an Association Health Plan (AHP). While there is federal litigation challenging the formation of AHPs and no new AHPs are permitted to form pending the results, the IID has seen an insurgence of interest in the formation of MEWAs.¹ Several Iowa based groups, including the Master Builders of Iowa and the Home Builders Association of Iowa, were approved and are currently offering healthcare options for their employer groups in 2020. The IID has also approved other MEWAs and is currently reviewing other applications.

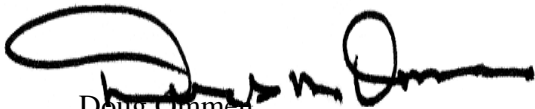
Additionally, changes in Iowa legislation opened the option for Iowans to find health coverage through a health benefit plan sponsored by a non-profit agricultural organization.

The IID is hopeful that these initiatives will be viable options for those Iowans who have been priced out of the ACA market. However, and as stated above, Iowa needs support and increased flexibility from the Departments to design a market solution for the Individual market.

Conclusion

Our office remains committed in its goals to ensure that Iowa consumers have access to affordable and meaningful health insurance. The Division is open to ideas, and is willing to engage with legislators, business leaders, and consumers alike to develop a solution that works for Iowa. However, without meaningful federal legislative movement, it will be difficult to overcome the failure of the ACA in our state.

Respectfully,



Doug Ommen
Iowa Insurance Commissioner

cc: Members of the Iowa Legislature

¹ An AHP is a type of MEWA that allows sole proprietors or geographically based groups to form together without a common business type. Traditional MEWAs require each employer have at least one W2 employee and have a common business type.



NovaRest
ACTUARIAL CONSULTING

NovaRest Report for the Iowa Insurance Division

In support of the

**Annual Report to the Iowa Governor
and to the Iowa Legislature**

November 2020



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Annual Report to the Iowa Governor and to the Iowa Legislature

Introduction

This report was prepared by NovaRest Consulting (NovaRest) for the Iowa Insurance Division (Division). We understand that the Division will use the information in this report as the basis of the annual report for the Governor of Iowa and for the Iowa Legislature. The annual report, required by statute (Iowa Code §505.18), provides findings regarding health spending costs for health insurance plans in Iowa for the previous calendar year.

The purpose of the annual report is to increase health care insurance transparency and provide consumers with the necessary information, and the incentive, to choose health plans based on cost and quality. Reliable cost and quality information about health care insurance empowers consumer choice, which incentivizes and motivates the entire health care delivery system to provide better care and benefits at a lower cost. It is the purpose of this report to aid in making information regarding the costs of health care insurance readily available to consumers.

This report is intended to provide information in a form that can be used in the annual report to the Governor of Iowa and the Iowa Legislature.

This report uses information gathered from the top 99% of health insurers by premium in Iowa through a data request from the Division. The complete data request is provided in *Appendix I*. Our goal is to ensure that we have the most accurate and complete information possible. We have noted all situations when the data request information was not complete. Additional information was extracted from statutory annual financial statement information filed with the National Association of Insurance Commissioners (NAIC), the Unified Rate Review Templates (URRTs) filed by the companies, and other public sources that we believe are credible.

Since the carriers that fall in the top 99% can change every year, some carriers surveyed in the 2020 data call do not have data prior to 2019 and some carriers surveyed in earlier years do not have 2019 data.

HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan Inc. were not included in the 2019 report as they did not meet market threshold criteria based on 2018 market share data, however, they did meet the criteria using 2019 data and therefore were added to this year's report. The other carriers surveyed are consistent with the 2019 Annual Report to the Iowa Governor and to the Iowa Legislature.

The following companies were included in the 2020 data call (survey) based on their health care premium market share in Iowa in 2019:

- Aetna Life Insurance Co.^{1,2}
- Golden Rule Insurance Co.
- HealthPartners Unity Health Point Inc.³
- Medica Insurance Co.⁴
- Medical Associates Health Plan, Inc.
- United Healthcare Insurance Co.
- United Healthcare Plan of the River Valley
- Wellmark Health Plan of Iowa, Inc.
- Wellmark, Inc.
- Wellmark Value Health Plan Inc.⁵

This report is structured to follow the requirements of the annual report required by Iowa Code §505.18. The summary of the results is first presented, followed by a section with more detail for each requirement, and finally the appendices containing all the raw data in tabular format.

Please note that the data provided by the carriers represents costs for the insured individual and small group ACA and non-ACA (grandfathered and transitional) business as, well as large group business. It does not include costs for self-funded employers or uninsured costs.

Unless otherwise noted, charts and data in this report related to 2019 Individual Comprehensive Major Medical (“ICCM”) and Small Group markets refer to the both ACA and non-ACA individual and small group business.

¹ Coventry Health and Life Insurance Company appeared in prior reports, however, their business has been migrated into Aetna Life Insurance Company, so Coventry Health and Life Insurance Company was not surveyed in 2018 or 2019 and does not appear in this report.

² Aetna Life Insurance Company was not included in the data call prior to 2017 due to their market share.

³ HealthPartners Unity Health Point Inc. was not included in the data call prior to 2020 due to their market share.

⁴ Medica Insurance Company entered the Iowa individual market in 2016. They did not participate in any Iowa health insurance market prior to 2016 and were not included in prior surveys.

⁵ Wellmark Value Health Plan Inc. was not included in the data call prior to 2020 due to their market share.



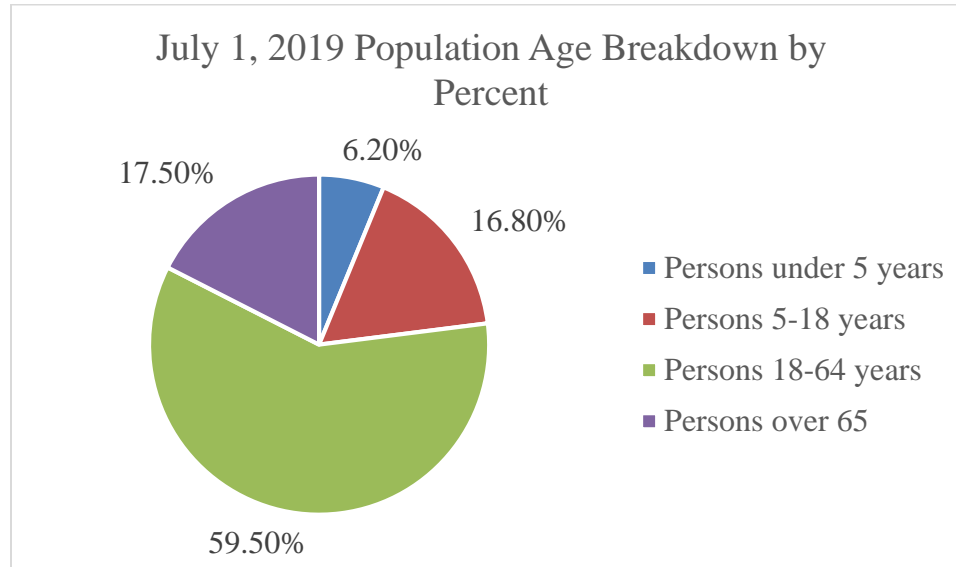
Summary

- Medica Insurance Company was the only carrier in the individual ACA market in 2018 due to Wellmark's decision to not participate in 2018. Wellmark re-entered the Iowa individual market for 2019 and 2020, but lost a significant market share compared to 2017.
- The percentage of the Iowa population that was uninsured in 2019 increased by 0.3% over 2018 levels.
- The incurred PMPM and allowed PMPM cost increases from 2018 to 2019 was much lower than in previous years in all three markets (individual, small group, and large group).
- The weighted average traditional loss ratios were much more stable from 2018 to 2019 than in previous years, increasing by 3% in the individual market, decreasing by 2% in the small group, and decreasing 1% in the large group market. It is important to note that because of Risk Adjustment, loss ratios alone do not provide a complete picture of profitability for carriers' individual and small group lines of business.
- The weighted average rate change from 2018 to 2019 decreased significantly in all three markets from previous years. The weighted average individual market rate change decreased the most dramatically, from 35% in 2018 to -0.5% in 2019. We believe the increase from 2017 to 2018 was largely driven by the federal decision to not fund CSRs beginning in October 2017, which caused carriers to load additional amounts into premiums on their 2018 ACA individual silver plans to make-up the difference. The weighted average small group market rate decreased from 9.9% for 2017 to 2018 to 1.8% for 2018 to 2019. The weighted average large group increase also decreased significantly from 9.5% for 2017 to 2018 to 4.6% for 2018 to 2019. This is consistent with the slowing in the incurred and allowed PMPM cost trends.



Background

Iowa's total population as of July 1, 2019 was estimated at 3,155,070.⁶ A breakdown of the major age groups is below.



The 2019 median household income in Iowa was \$61,691, slightly lower than the overall U.S. median household income of \$65,712.⁷ The Iowa unemployment rate in 2019 was about 3.7%⁸ and 11.2% of the Iowa population was considered below the poverty level.⁹

95% of the 2019 Iowa noninstitutionalized population was insured by either the public or private health insurance markets, leaving 5% uninsured.¹⁰ The American Community Survey provides estimates of 73.2% of insured in the private health insurance market and 36.1% of insured in the public health insurance market.¹¹ We note this adds up to more than the 95% insured indicated above, suggesting there is some overlap between the public and private insurance markets. The

⁶ U.S. Census Bureau. QuickFacts: Iowa. <https://www.census.gov/quickfacts/IA>. Accessed October 16, 2020.

⁷ "2019 Median Household Income in the United States." U.S. Census Bureau. September 17, 2020.

<https://www.census.gov/library/visualizations/interactive/2019-median-household-income.html>. Accessed October 16, 2020.

⁸ "Selected Economic Characteristics." American Community Status 1-Year Estimates Subject Tables. U.S. Census Bureau. 2019. <https://data.census.gov/cedsci/>. Accessed October 16, 2020.

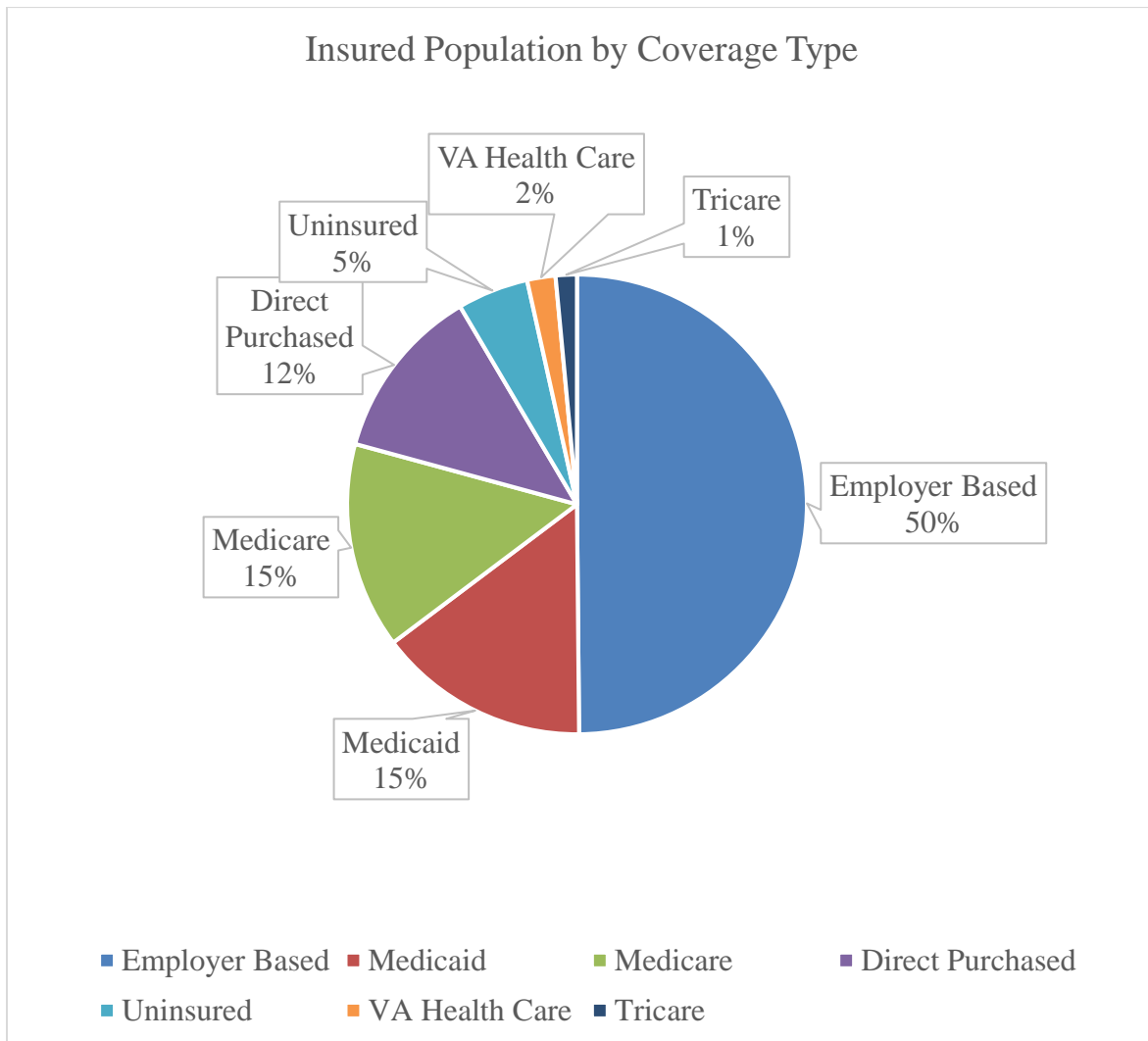
⁹ "Poverty Status in the Past 12 Months." American Community Status 1-Year Estimates Subject Tables. U.S. Census Bureau. 2019. <https://data.census.gov/cedsci/>. Accessed October 16, 2020.

¹⁰ "Selected Economic Characteristics." American Community Status 1-Year Estimates Subject Tables. U.S. Census Bureau. 2019. <https://data.census.gov/cedsci/>. Accessed October 16, 2020.

¹¹ Compared to 74.8% private and 35.4% public in 2018. Please note in the 2019 Annual Report we ratioed by the employed population with private health insurance, which resulted in 86.2% private and 10.9% public. We believe using the civilian noninstitutionalized population is more accurate and have used this for this report.



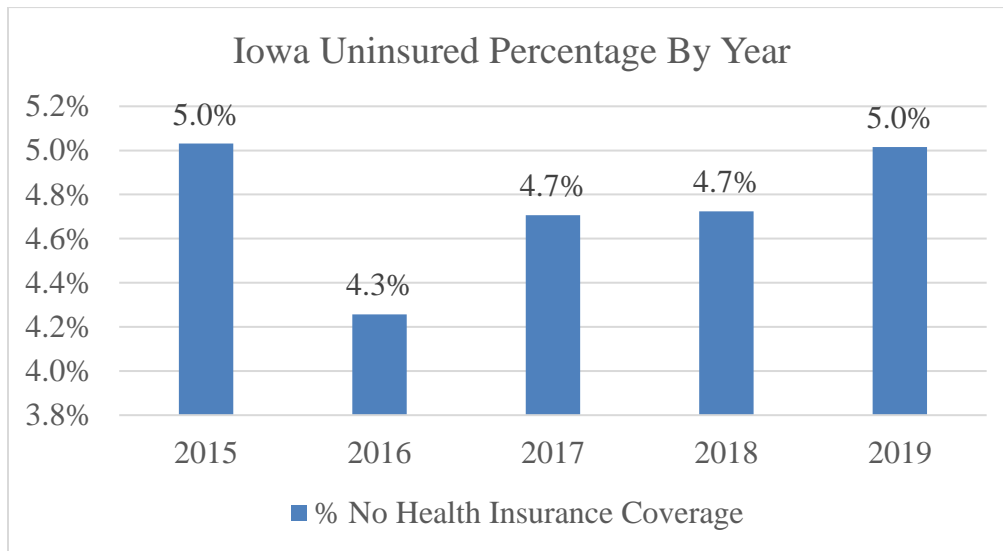
insured population by coverage type can be seen in the following chart, where we have ratioed the populations to add up to 100%.^{12,13}



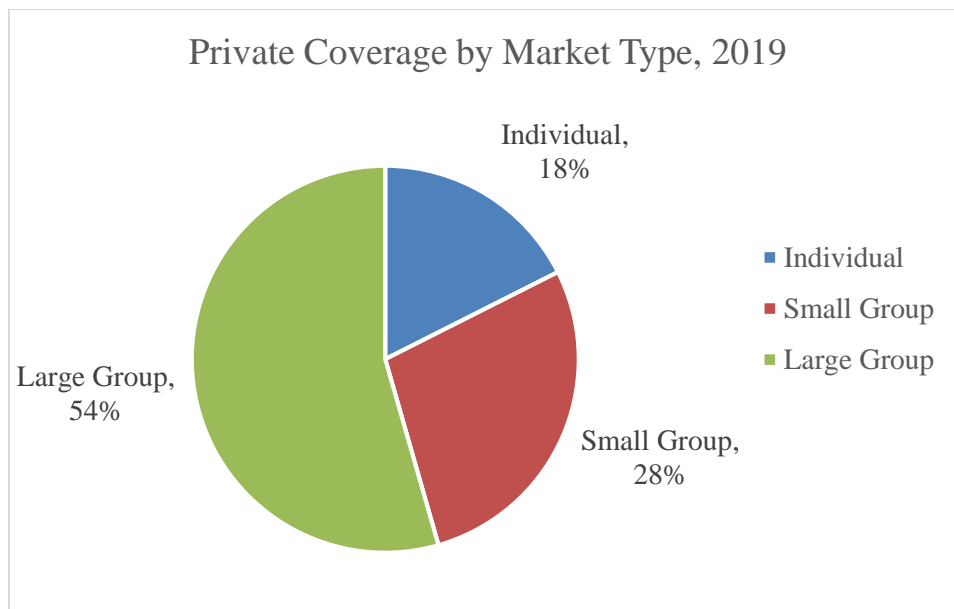
¹² “Public Health Insurance Coverage By Type and Selected Characteristics.” American Community Status 1-Year Estimates Subject Tables. U.S. Census Bureau. 2019. <https://data.census.gov/cedsci/>. Accessed October 7, 2020.

¹³ “Private Health Insurance Coverage By Type and Selected Characteristics.” American Community Status 1-Year Estimates Subject Tables. U.S. Census Bureau. 2019. <https://data.census.gov/cedsci/>. Accessed October 7, 2020.

The uninsured percentage decreased from 6.2% in 2014 to 5% in 2019. The following chart shows the uninsured percentage by year.¹⁴



Although a significant portion of the Iowa market is enrolled in public programs or are uninsured, the focus of this report is on the commercial non-public individual, small group, and large group markets. For those enrolled in these markets, the percentage covered are shown in the chart below.¹⁵



¹⁴ “Selected Economic Characteristics.” American Community Status 1-Year Estimates Subject Tables. U.S. Census Bureau. 2019. <https://data.census.gov/cedsci/>. Accessed October 7, 2020.

¹⁵ 2019 NAIC Supplemental Health Care Exhibit, All Carriers in Iowa.



Enrollment

A complete set of data can be found in *Appendix A*.

Wellmark, Inc. continued to hold the highest percentage of the market share in the small group and large group markets (ranging from 57% to 59%). Medica Insurance Company continues to hold the largest individual market share (50%) in 2019. Wellmark, Inc. still retained a significant market share (36%) in the individual market.

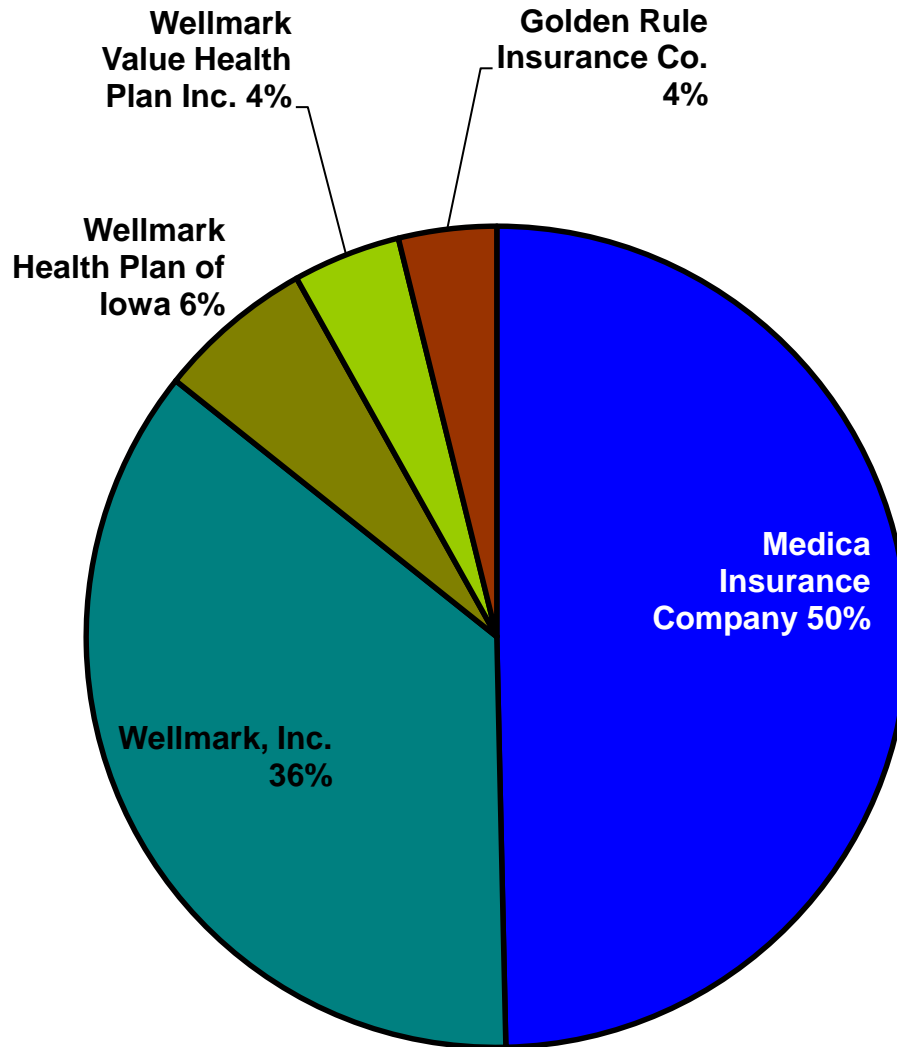
In this report we present weighted averages which are weighted by member months,¹⁶ which results in averages closer to what most members are experiencing. Taking the rate increases as an example, the weighted average will result in the same value as if a surveyor totaled and averaged the rate increases across all members in Iowa. The weighted averages provided in this report will fall very close to the Wellmark, Inc. values in the small and large group markets, even though there are significant differences between companies. Similarly, the individual market will be close to the average between Medica Insurance Company and Wellmark Inc. By averaging across members rather than carriers we will attain a better estimate of the rate increases experienced by the commercial insured population in Iowa.

We have provided pie charts of member months to demonstrate the large variance in members per carrier in Iowa. The key for each chart is in descending order of total member months. A complete set of the calculated member months can be found in *Appendix A*. Please note the numbers presented in this report include ACA, grandfathered, and transitional business combined. It does not reflect self-insured employers or uninsured.

¹⁶ Member months are the number of total months covered for all individuals insured by a carrier in a market.

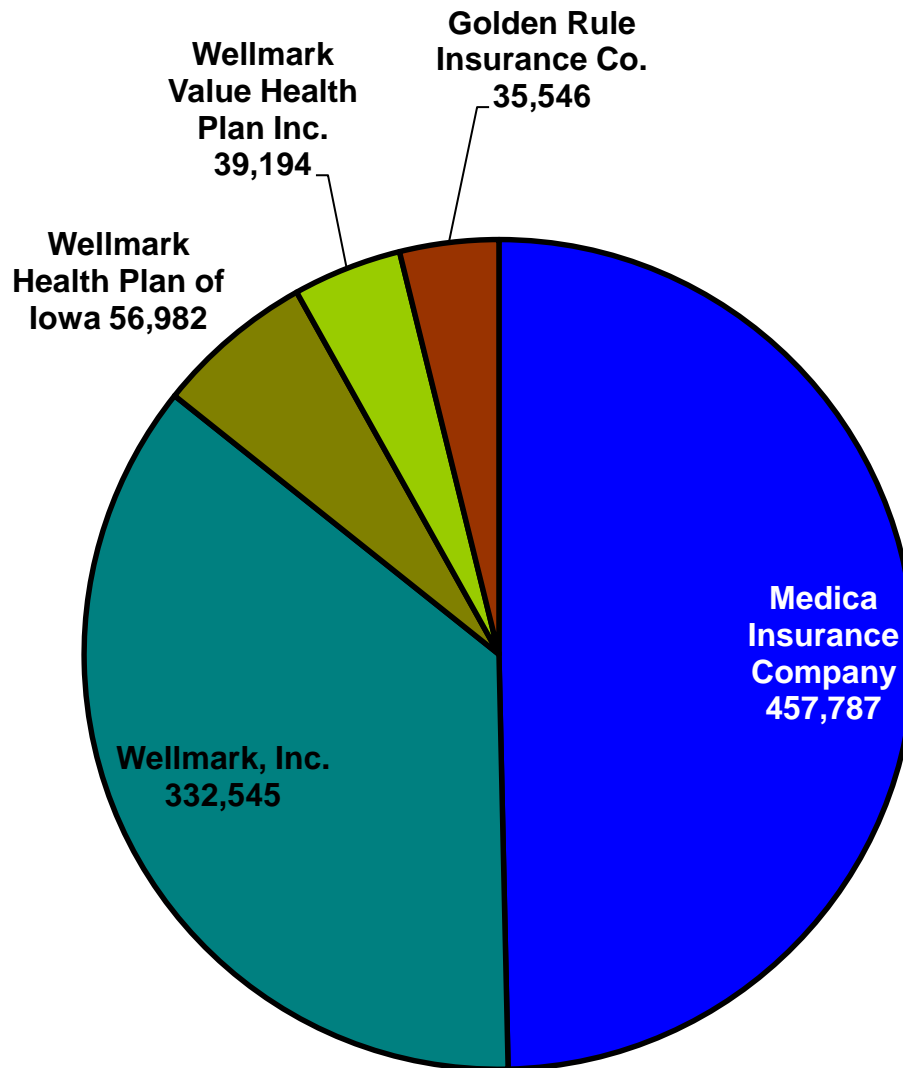


2019 Individual Comprehensive Major Medical ("ICMM") Member Months by Percent



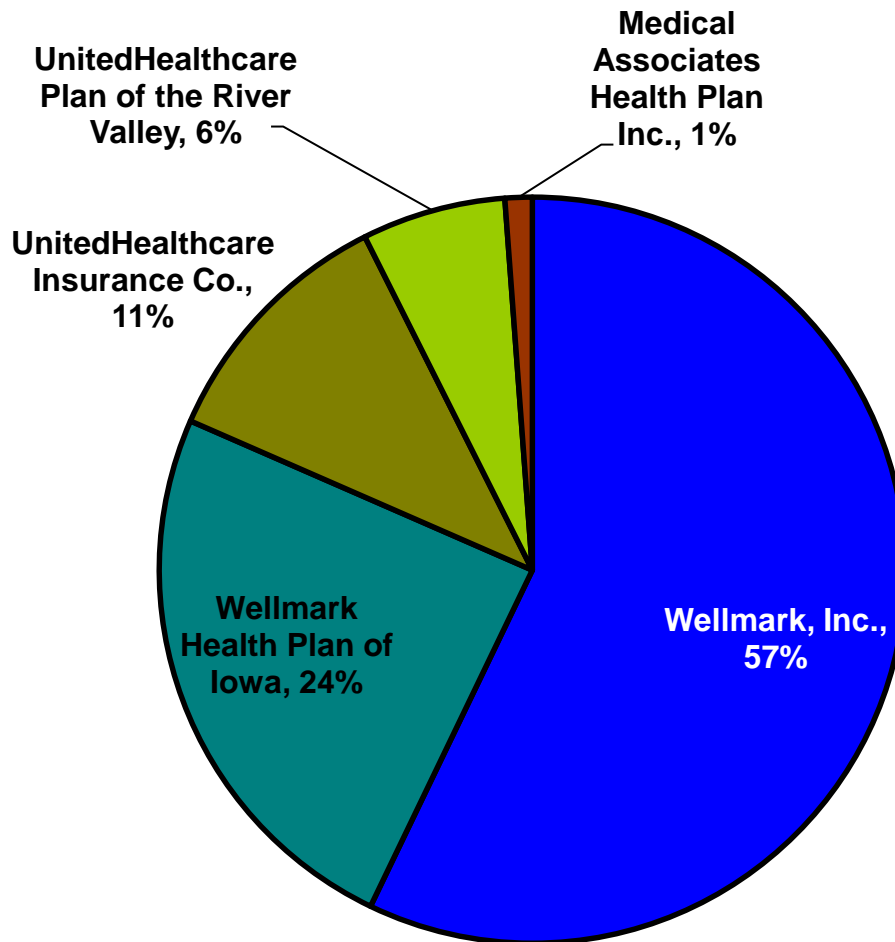


2019 Individual Comprehensive Major Medical ("ICMM") Member Months



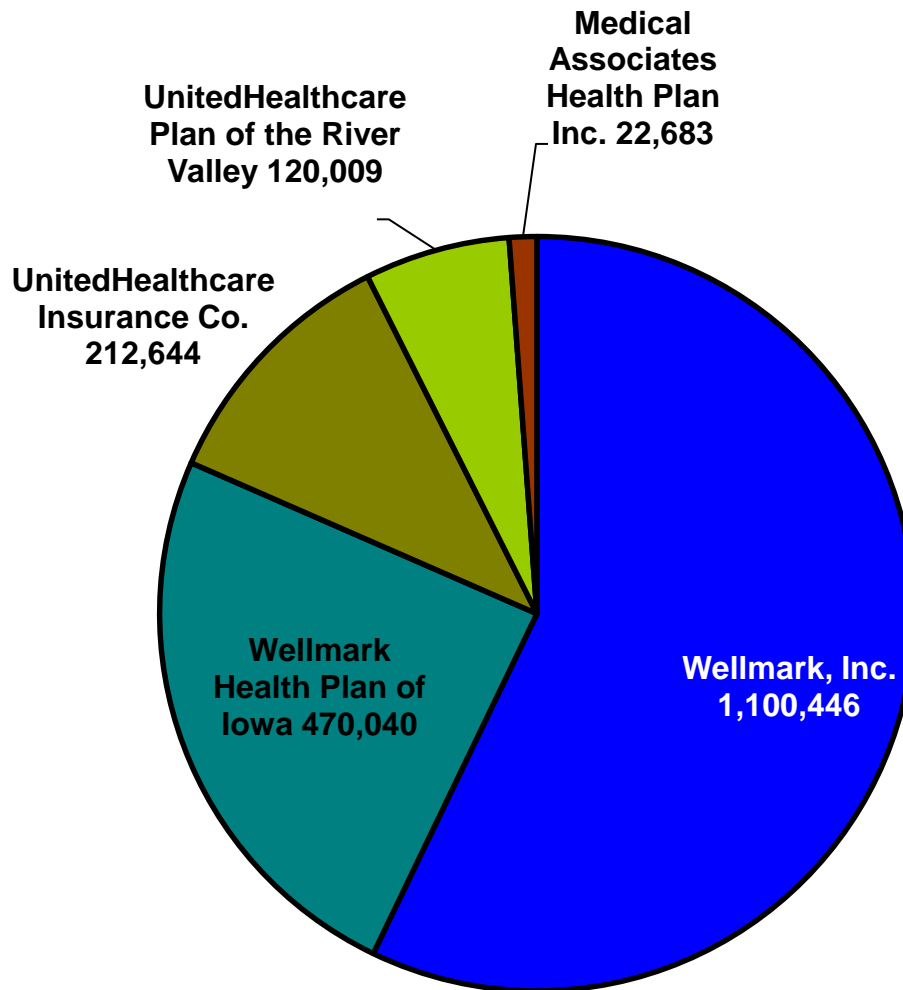


2019 Small Group Member Months by Percent



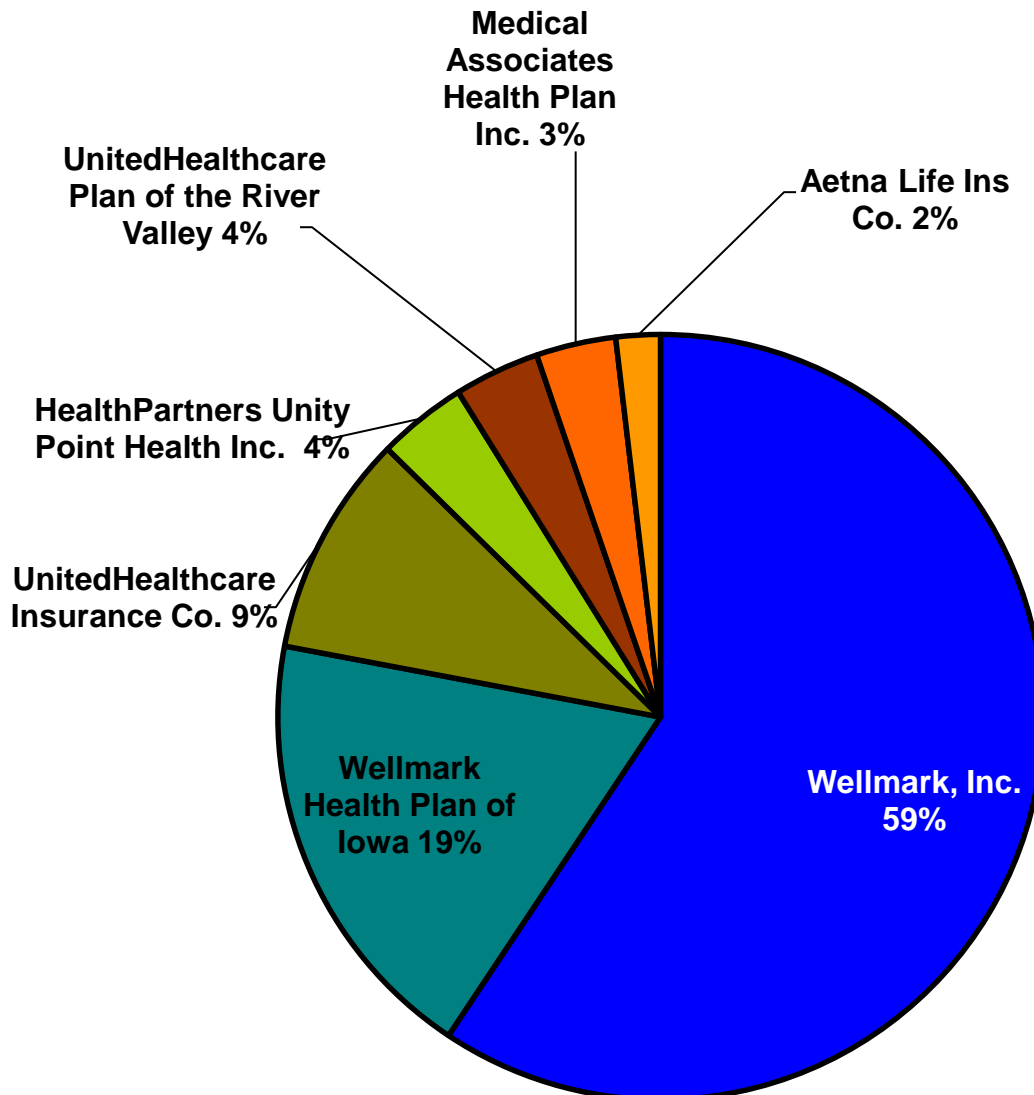


2019 Small Group Member Months



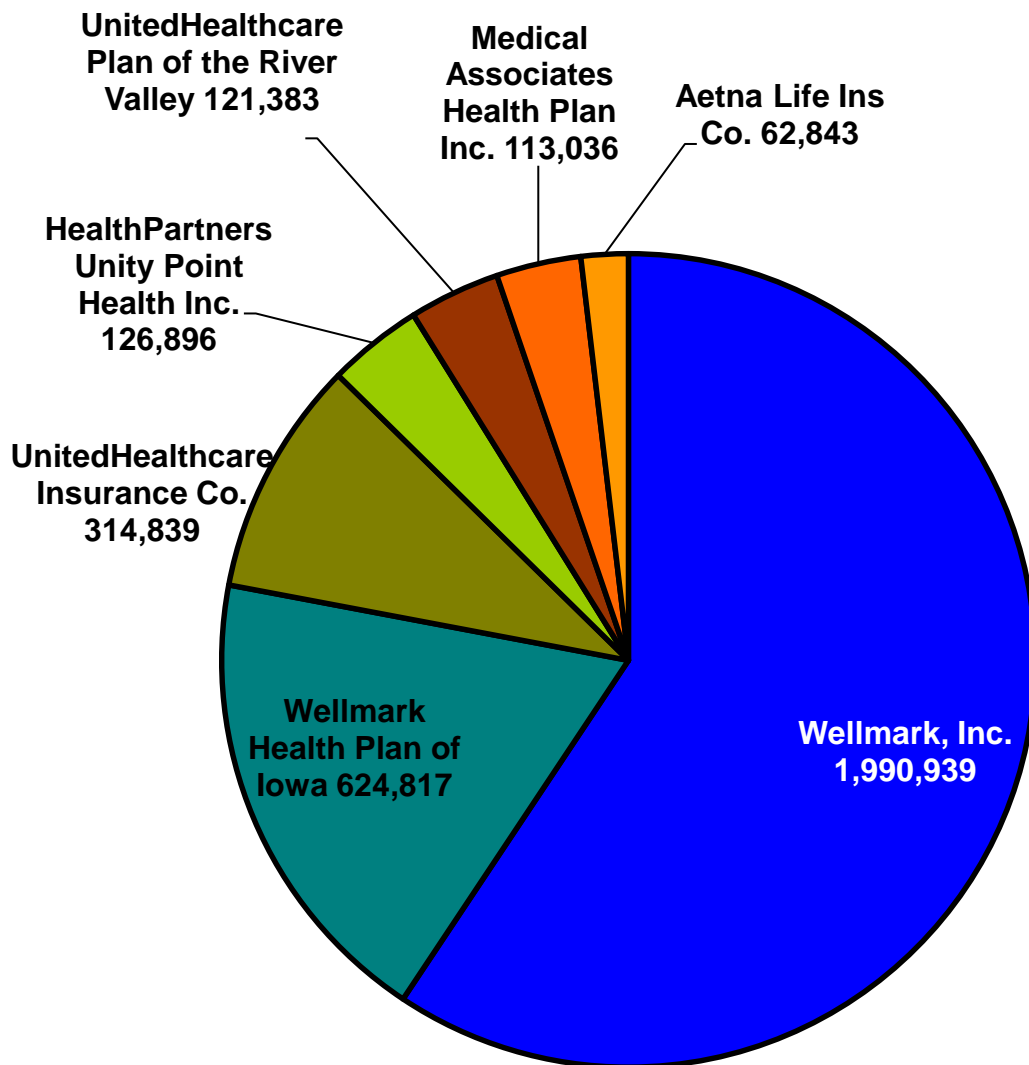


2019 Large Group Member Months by Percent





2019 Large Group Member Months





Loss Ratios

a. Aggregate health insurance data concerning loss ratios of health insurance carriers licensed to do business in the state.

A complete set of data can be found in *Appendix B*.

A loss ratio is a ratio of claims to premiums. In addition to direct claims payments for medical services, the claims used in the loss ratio may include case management services, the cost of quality improvement efforts and other costs related to health care services not directly delivered to members. The traditional loss ratio is incurred claims / earned premiums, which is provided in the analysis in this section. The federal health insurance reform requires carriers to provide a rebate to policyholders if the carrier's traditional loss ratio, with certain adjustments, is less than 80% for the individual or small group markets and 85% for the large group market.¹⁷ The remaining 20% or 15% is the amount of premium that is available for the cost of administering the insurance (commissions, paying claims, tracking enrollment changes, etc.) and for company profits. Note: the loss ratios provided by the carriers do not include the adjustments that are allowed under the federal loss ratio definition, therefore we cannot definitively say if a carrier will be required to pay a rebate based on the information that was provided.

The federal loss ratios (i.e. traditional loss ratio with adjustments) for rebate purposes are also adjusted for credibility. If a carrier has less than 75,000 life years (900,000 member months) in a market, an amount is added to the calculated medical loss ratio (MLR). The adjustment is intended to compensate for the larger statistical fluctuations found in smaller less credible blocks of business. This credibility adjustment increases the actual loss ratio used for rebate calculation purposes based on the size of the carrier with smaller carriers receiving larger adjustments. As was the situation for 2018 rebates, all carriers in Iowa except for Wellmark, Inc. (in the Small Group and Large Group market), will receive a credibility adjustment for 2018 rebates. The result of the credibility adjustment is that carriers can have a loss ratio lower than the federal standard and still not be required to pay a rebate.¹⁸

According to the information filed in the 2019 Supplemental Health Care Exhibit (SHCEs) for all carriers in the Iowa market, \$838,199 in rebates were paid in the individual market, \$1,431,399 were paid in the small group market, and \$130,210 were paid in the large group market in 2019 for the 2018 plan year.¹⁹ Of the carriers we surveyed, only Medica Insurance Company and UnitedHealthcare Plan paid rebates. Aetna Life Insurance Company indicated they

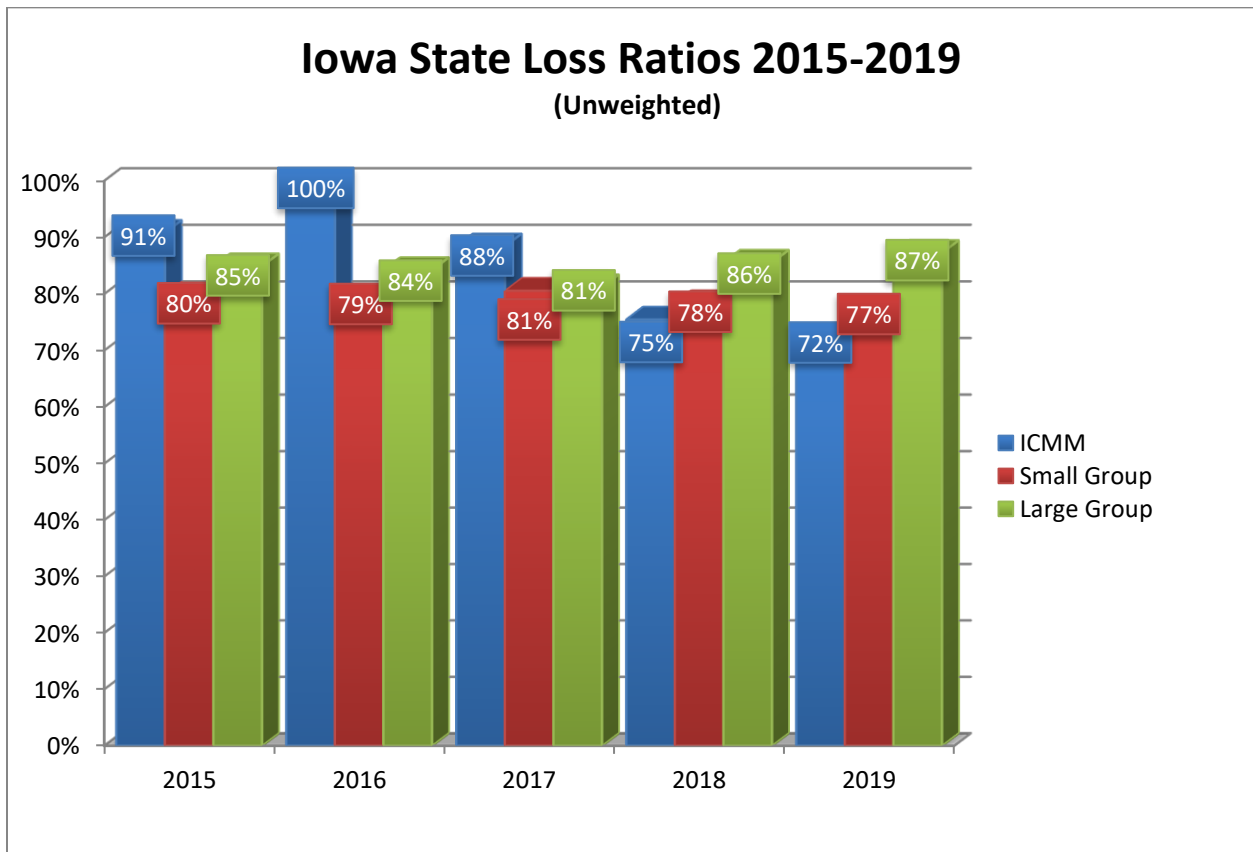
¹⁷ Not enough information was accessible to calculate the federal loss ratios.

¹⁸ In Iowa, Wellmark is the only carrier that is fully credible in the small and large group markets according to the federal formula and therefore the only carrier required to meet the full 80% or 85% loss ratio requirement. No carriers are fully credible in the individual market.

¹⁹ Per NAIC Supplemental Exhibit. Information related to MLR rebates paid in 2020 for 2019 are not available at this time.

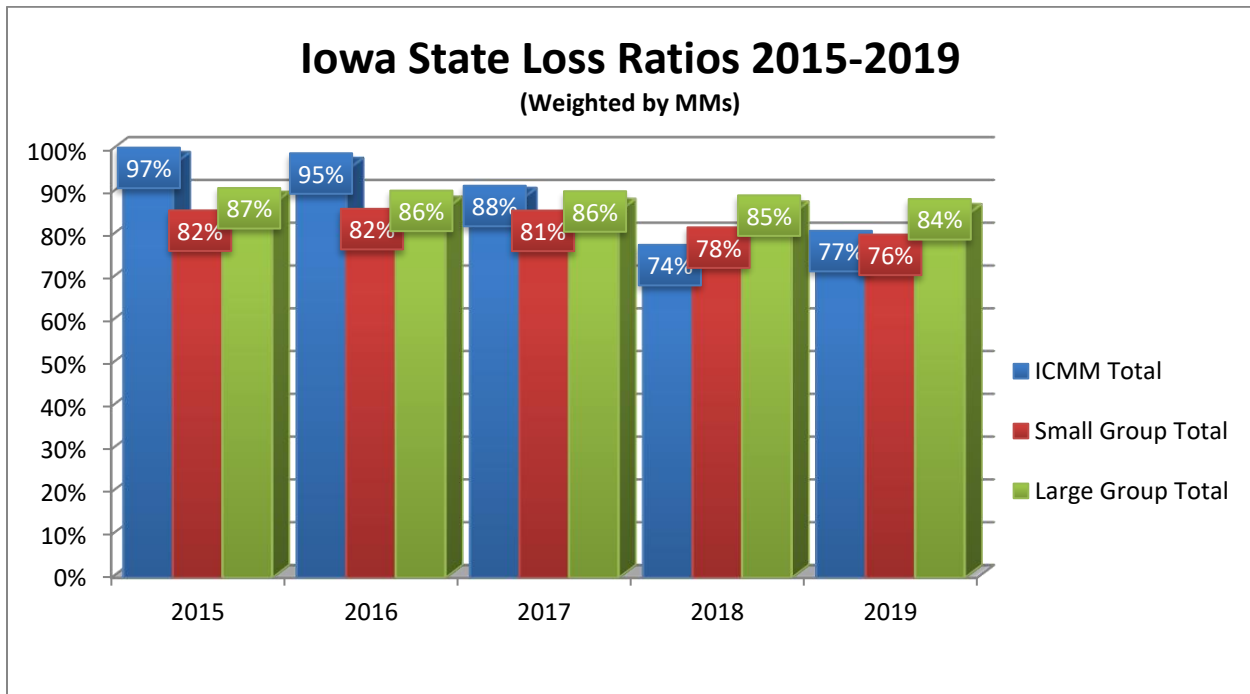
received \$3,181 in rebates.²⁰ The remainder of the rebates were paid by carriers not included in the survey.

The 2019 average traditional loss ratios are 72%, 77% and 87% for individual, small group, and large group respectively on a non-weighted basis. When loss ratios are weighted by membership, the averages are 77%, 76% and 84% for individual, small group, and large group respectively. The following graphs detail the average (unweighted and weighted) loss ratios for the past 5 years.²¹



²⁰ We discovered this using the 2019 Supplemental Health Care Exhibit and therefore do not know the circumstances of why a negative rebate was reported.

²¹ Aetna Life Insurance Company was not involved in data calls prior to 2018 so loss ratio data for 2014-2016 was not included.



Loss Ratio by Market by Year (Unweighted)					
Company	2015	2016	2017	2018	2019
ICMM Total	90.8%	99.9%	88.4%	75.5%	72.3%
Small Group Total	80.0%	79.2%	80.6%	78.4%	77.4%
Large Group Total	84.9%	84.2%	81.2%	85.5%	87.3%

Loss Ratio by Market by Year (Weighed by Member Months)					
	2015	2016	2017	2018	2019
ICMM Total	96.5%	95.2%	88.1%	74.2%	76.9%
Small Group Total	81.6%	82.4%	81.4%	77.5%	75.7%
Large Group Total	87.2%	86.1%	85.6%	85.0%	84.4%

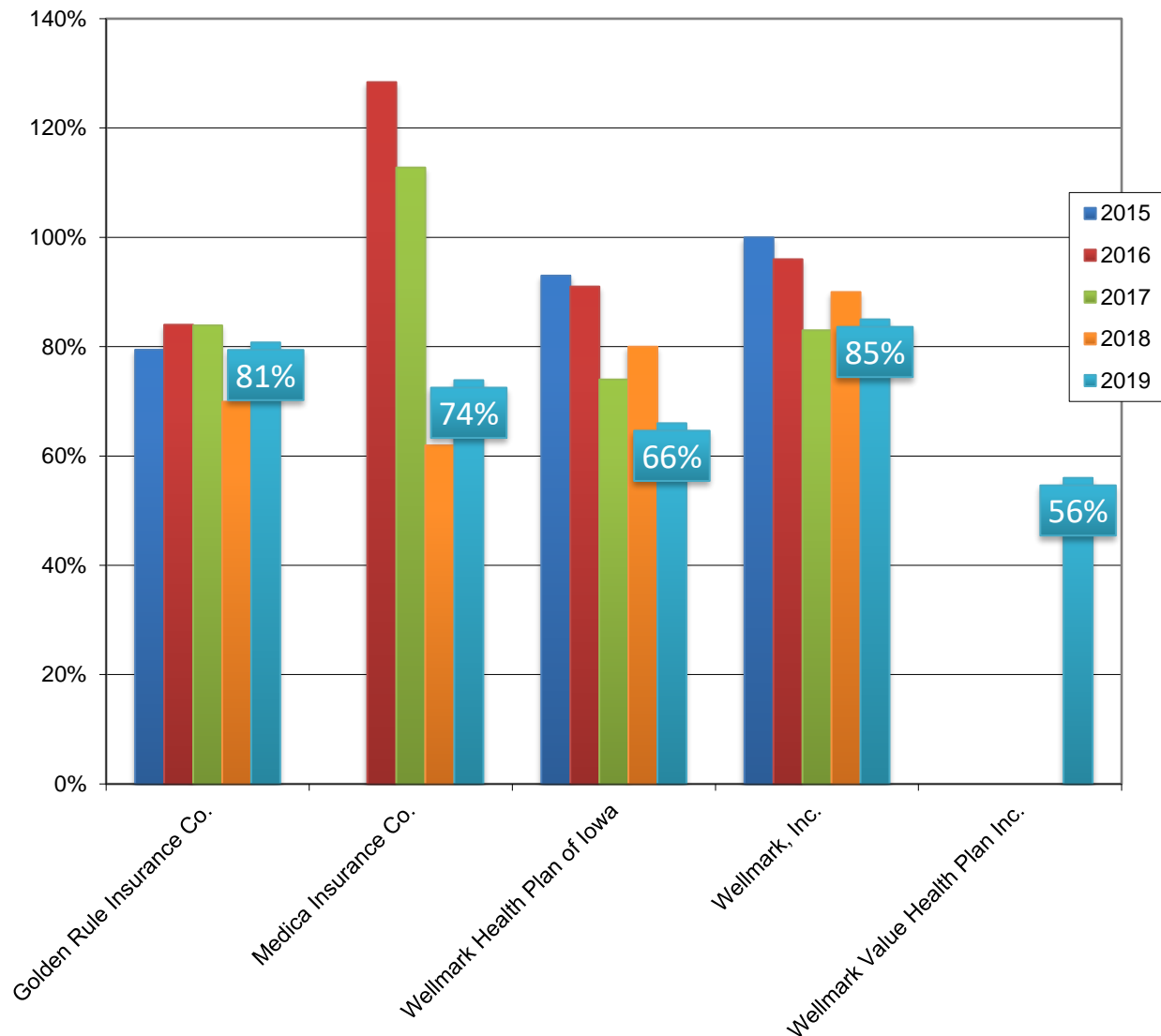
As discussed above, the federal rules call for additional adjustments to the numerator (claims) and denominator (premium) of the loss ratio to determine if a carrier has to pay rebates, so the information provided by the carriers and presented in the previous tables is not on the same basis as the 80% requirement, though it does provide a good estimate of the percentage of premium that carriers are paying in health care claims.

We note for the individual and small group markets, the traditional loss ratio is not as good an indicator of profitability as it is in the large group market due to the risk adjustment program discussed later in the report. A company with a high traditional loss ratio could be enrolling a sicker population than the state average, meaning they would receive a payment from the carriers with a healthier population.



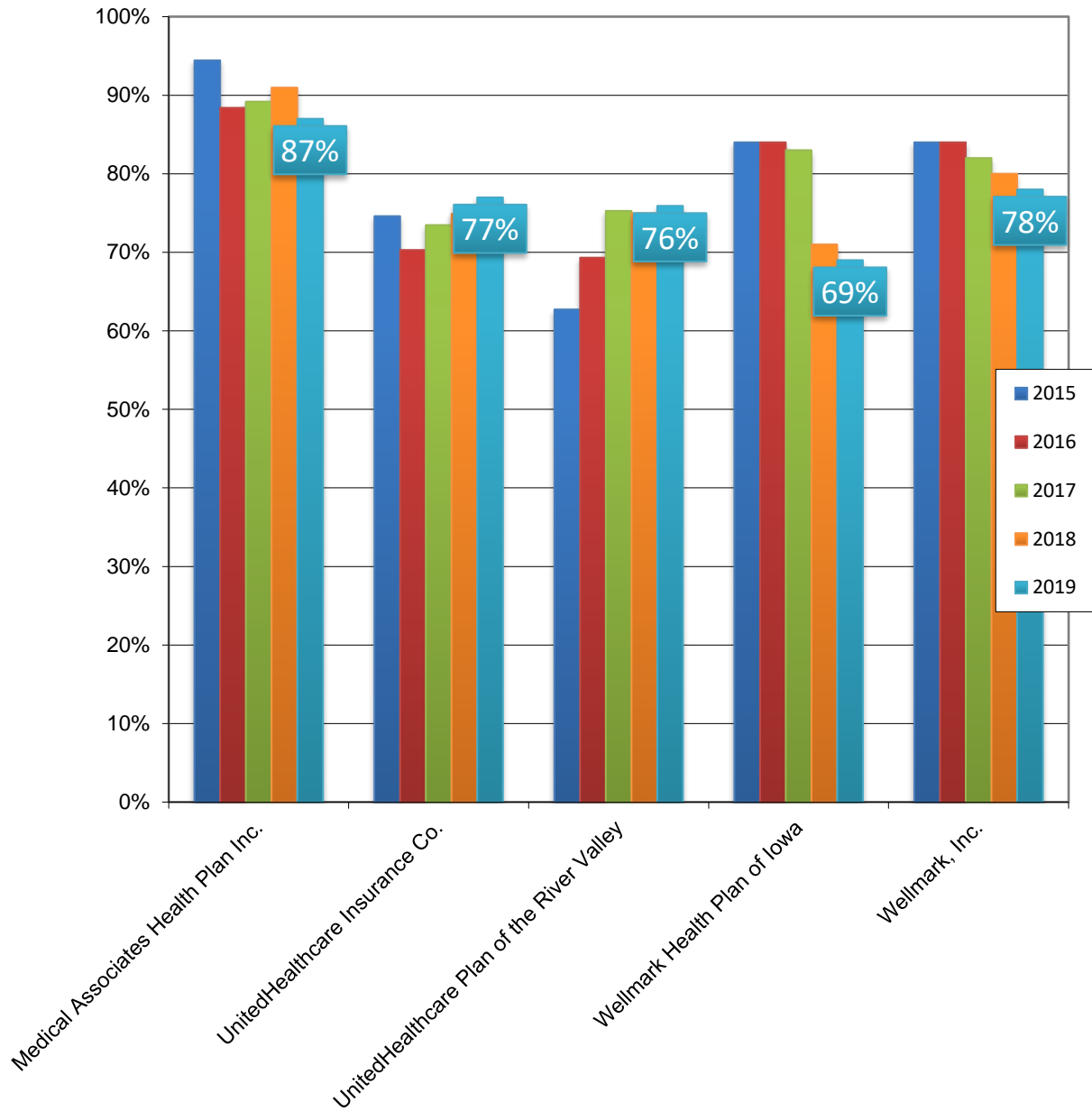
There is wide variation in traditional loss ratios between companies. Individual loss ratios varied from 56% to 85% in 2019. Small and large group varied from 69% to 87% and 79% to 103% respectively. The wide variation is due to low credibility of some carriers which drives more volatile experience. The loss ratios displayed here do not use the federal medical loss ratio (MLR) formula used for the federal MLR rebate calculation. The rebate MLR is typically higher than the traditional loss ratio displayed here. The following charts compare companies for each market segment for 2015-2019. Note that companies that do not offer coverage in a market segment are not included. Additionally, not all companies participated in the data call in all years. For readability, the data labels are only included for 2019. The complete loss ratios are provided in *Appendix B*.

ICMM Loss Ratios 2015-2019



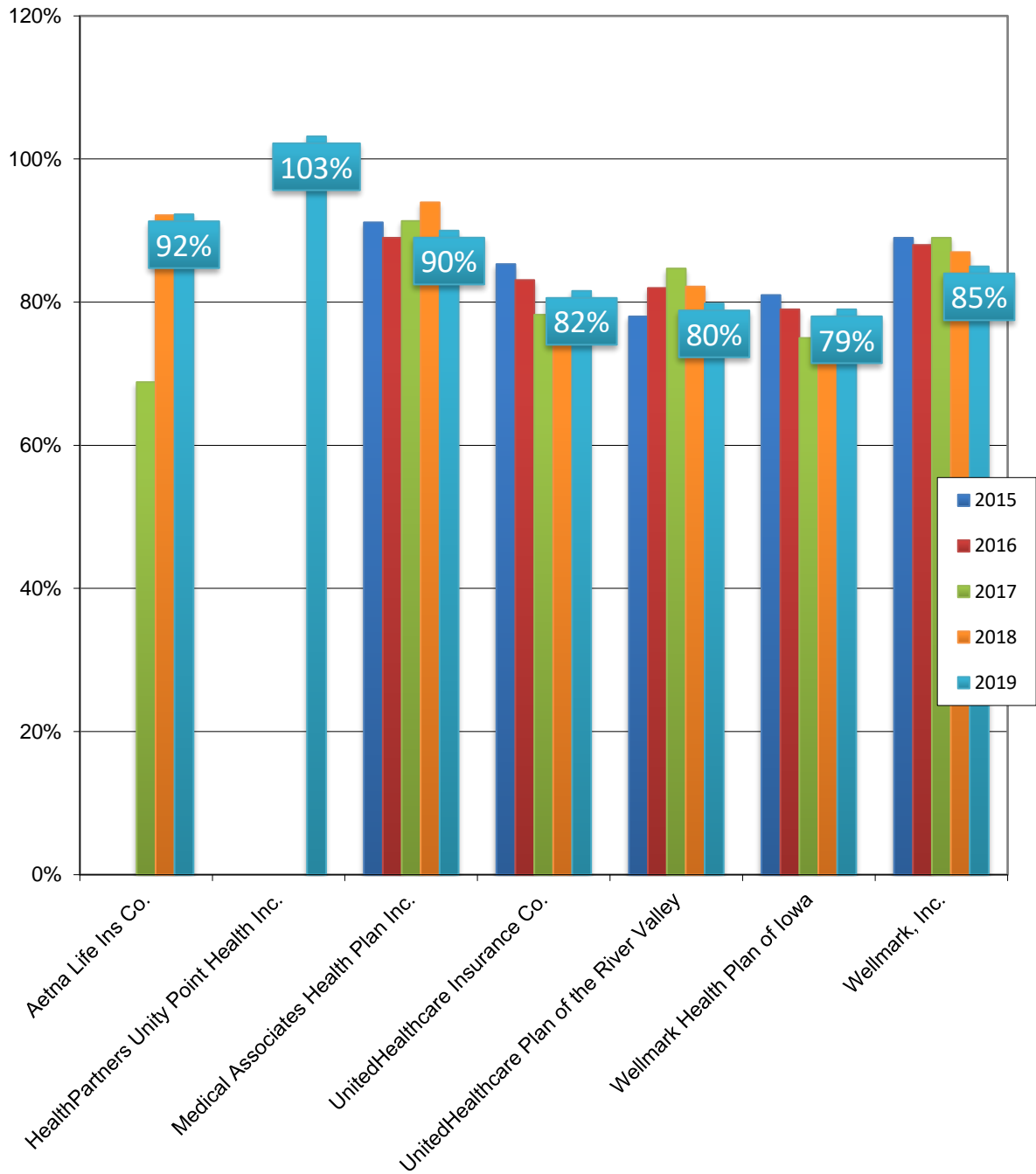


Small Group Loss Ratios 2015-2019





Large Group Loss Ratios 2015-2019





The following tables show each company's loss ratio by market for 2019:

2019 ICM Loss Ratios	
Golden Rule Insurance Co.	80.8%
Medica Insurance Co.	73.9%
Wellmark Health Plan of Iowa	66.0%
Wellmark, Inc.	85.0%
Wellmark Value Health Plan Inc.	56.0%

2019 Small Group Loss Ratios	
Medical Associates Health Plan Inc.	87.0%
UnitedHealthcare Insurance Co.	77.0%
UnitedHealthcare Plan of the River Valley	75.9%
Wellmark Health Plan of Iowa	69.0%
Wellmark, Inc.	78.0%

2019 Large Group Loss Ratios	
Aetna Life Ins Co.	92.3%
HealthPartners Unity Point Health Inc.	103.2%
Medical Associates Health Plan Inc.	90.0%
UnitedHealthcare Insurance Co.	81.6%
UnitedHealthcare Plan of the River Valley	79.8%
Wellmark Health Plan of Iowa	79.0%
Wellmark, Inc.	85.0%

The portion of the premium not used for claims is used for other expenses and profits. For ACA business, there will also be a Risk Adjustment transfer or receivable. Companies surveyed reported a wide range of commission percentages and administrative percentages. The straight average commission percentage in 2019 was 2.2%, but it ranged from 0.8% to 4.2%. This is an increase from the 2.0% average commission in 2018. Commissions for individual products are traditionally higher than for small group products and commissions for large group products are traditionally lower. The mix of business between individual and group may explain some of the variation between the companies because these lines of business have different levels of administrative cost.

The straight average other administrative expense percent of premium in 2019 was 9.7%, but the percentages ranged from -4.6% to 21.3%. This is a slight decrease from the average other administrative expense percent of premium of 11.1% in 2018. (See **Appendix G** for more detail on the highest percentages of other administrative costs reported by the companies).

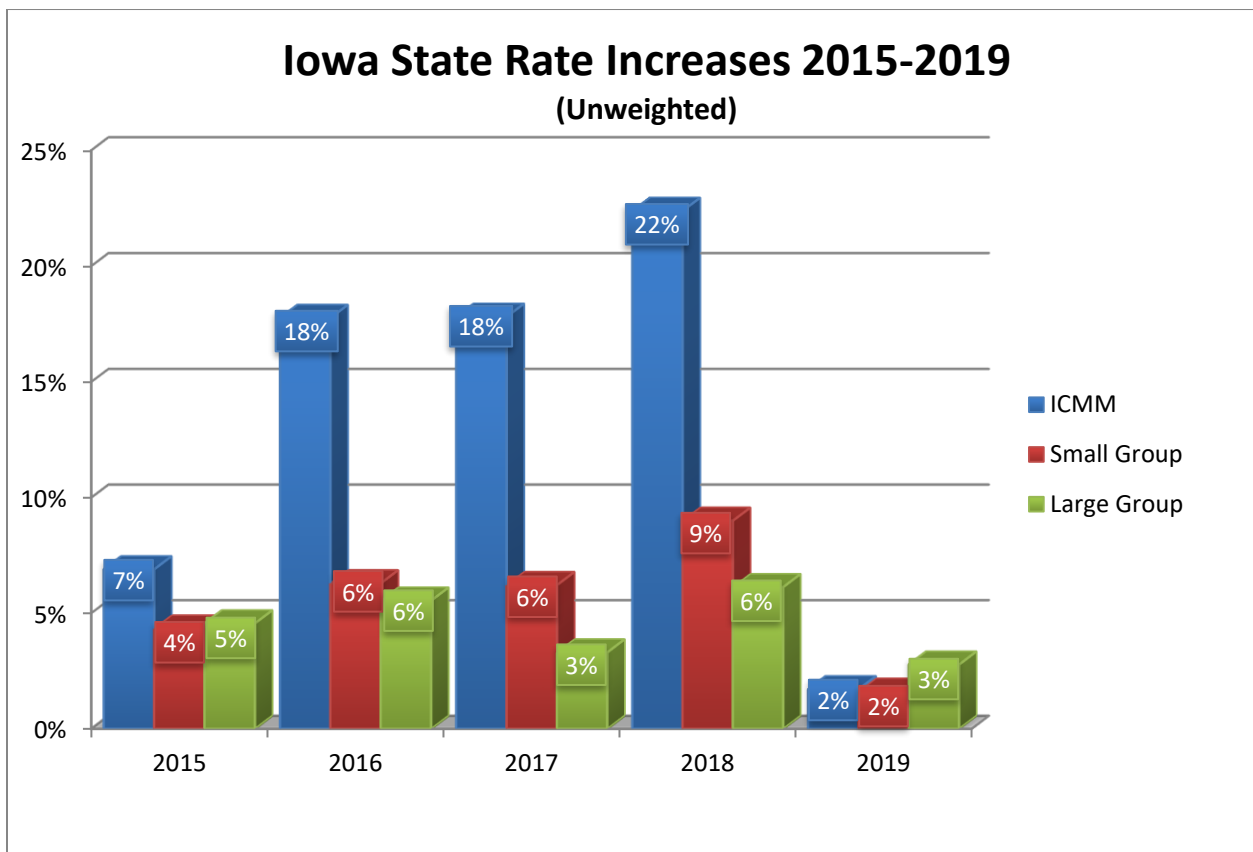


Rate Increase History

b. Rate increase data.

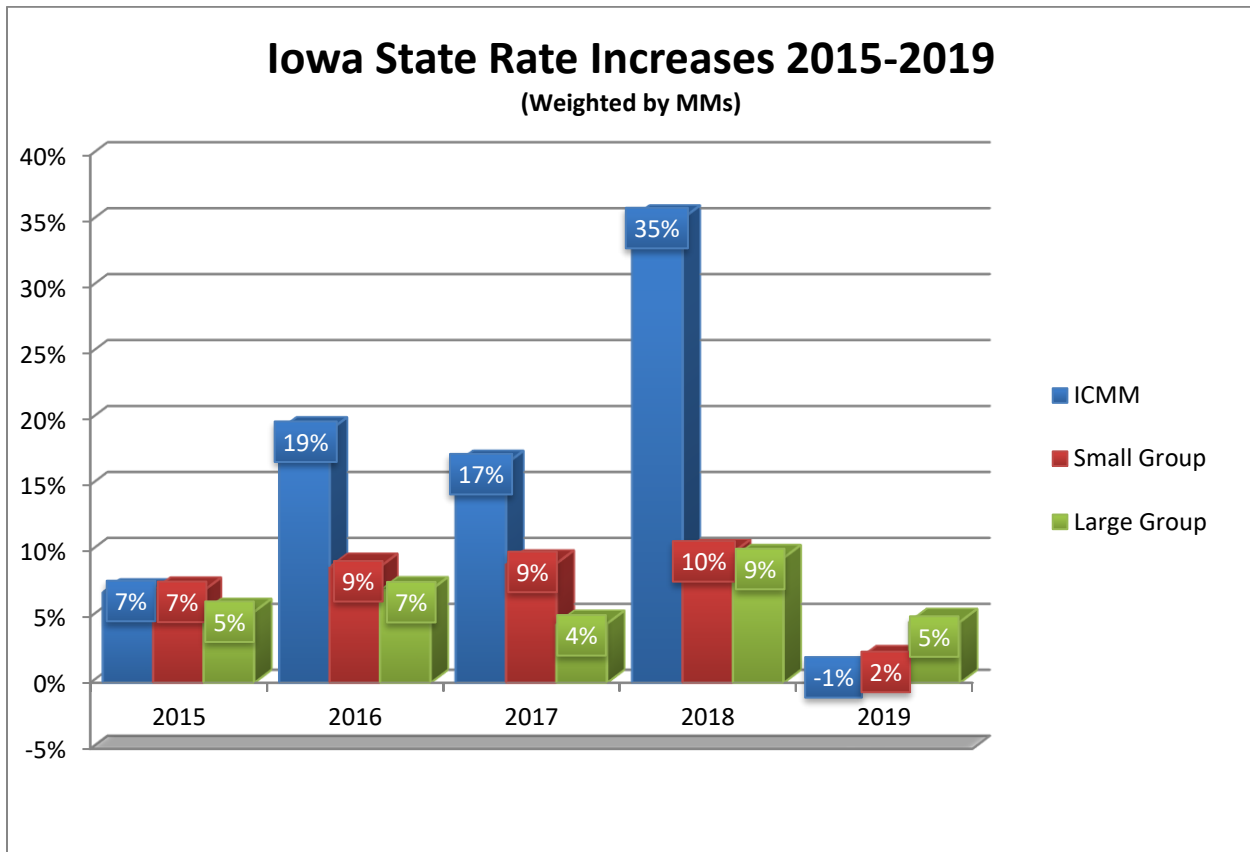
A complete set of data can be found in *Appendix C*.

The charts below detail the average rate increases among carriers included in the data call for the past 5 years, on a non-weighted and weighted basis.^{22,23} As explained above, the weighted increases are weighted using member months and, due to Wellmark Inc.'s significant membership in the group markets, the weighted rate increases will more closely resemble Wellmark, Inc.'s rate increases, while the individual market will resemble the average between Wellmark, Inc. and Medica Insurance Company.



²² This is an example of historic values that may not match previous reports due to the companies that have left the market and were removed from historic data.

²³ Rate increase data is not available for carriers that were not included in the data call in prior years.



The information provided in the charts above is also summarized in the tables below.

Average Rate Increase by Market by Year (Unweighted)					
	2015	2016	2017	2018	2019
ICMM	6.9%	17.8%	17.8%	22.4%	1.7%
Small Group	4.3%	6.3%	6.2%	9.0%	1.6%
Large Group	4.6%	5.5%	3.3%	6.1%	2.8%

Average Rate Increase by Market by Year (Weighted by Member Months)					
	2015	2016	2017	2018	2019
ICMM	6.8%	19.1%	16.6%	35.2%	-0.5%
Small Group	7.0%	8.8%	9.0%	9.9%	1.8%
Large Group	5.4%	7.0%	4.5%	9.5%	4.6%

The 2019 individual market rate increases varied from -7.7% to 7.9%. For comparative purposes, the ACA requires a determination of reasonableness from the State and an explanation from the carrier for any rate increases of 15% or more.²⁴ This is down significantly from the prior year.

²⁴ Note the 15% requirement is at the plan level so a carrier would still require a determination of reasonableness if any of their plans has an increase over 15%, even if the overall average is less than 15%.



The 2019 small group rate increases varied from -1.1% to 3.9% and the 2019 large group rate increases varied from -7.7% to 8.7%. Below are the 2019 average rate increases by company for each market.

2019 ICM Rate Increases	
Golden Rule Insurance Co.	7.9%
Medica Insurance Company	-7.7%
Wellmark Health Plan of Iowa	0.0%
Wellmark, Inc.	8.3%
Wellmark Value Health Plan Inc.	0.0%

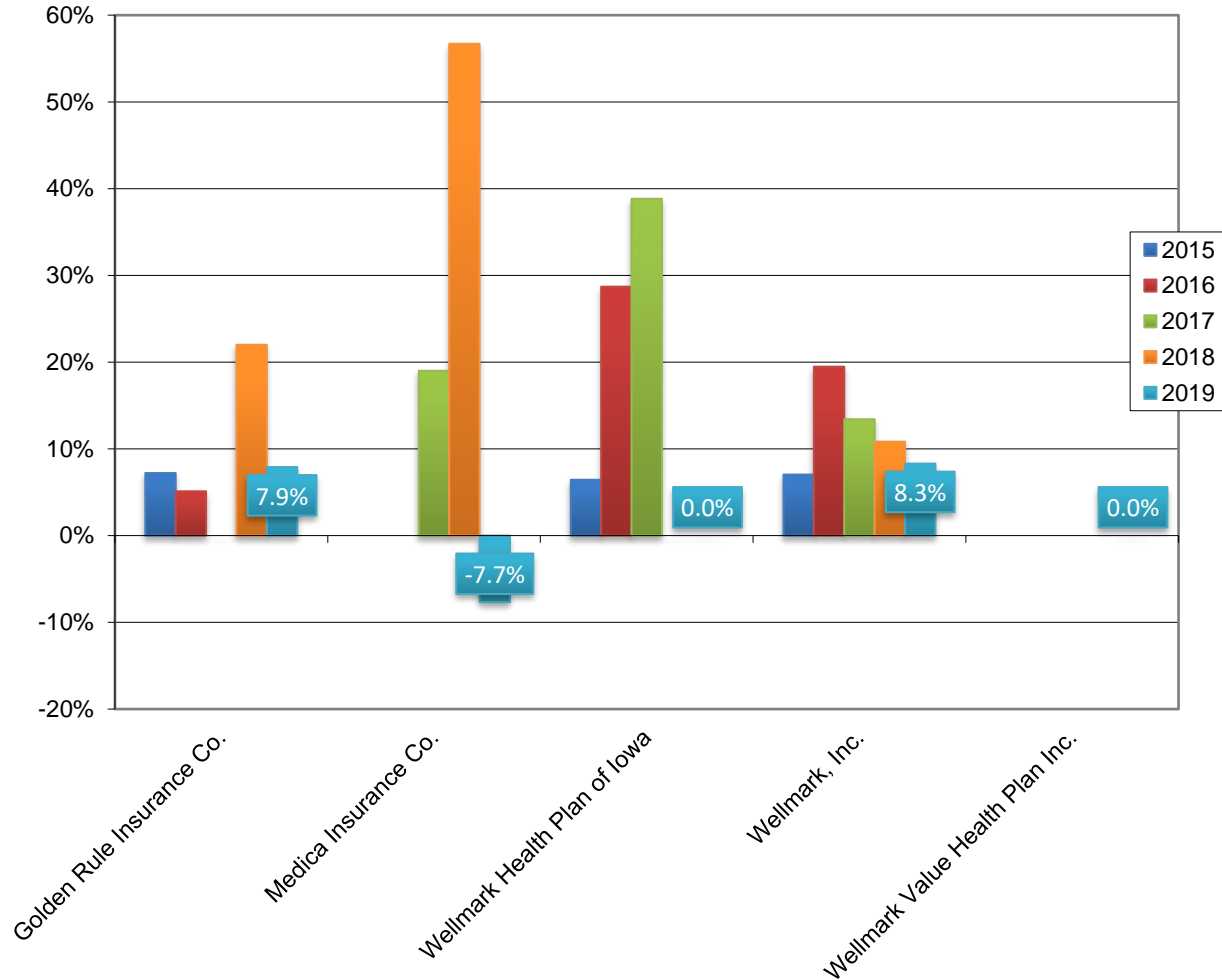
2019 Small Group Rate Increases	
Medical Associates Health Plan Inc.	1.4%
UnitedHealthcare Insurance Co.	0.8%
UnitedHealthcare Plan of the River Valley	3.9%
Wellmark Health Plan of Iowa	-1.1%
Wellmark, Inc.	3.0%

2019 Large Group Rate Increases	
Aetna Life Ins Co.	7.7%
HealthPartners Unity Point Health Inc.	8.7%
Medical Associates Health Plan Inc.	1.3%
UnitedHealthcare Insurance Co.	-2.4%
UnitedHealthcare Plan of the River Valley	-7.7%
Wellmark Health Plan of Iowa	5.9%
Wellmark, Inc.	5.9%



The following three charts show rate increases by company within each market by year.^{25,26,27}

ICCM Rate Increases 2015 - 2019



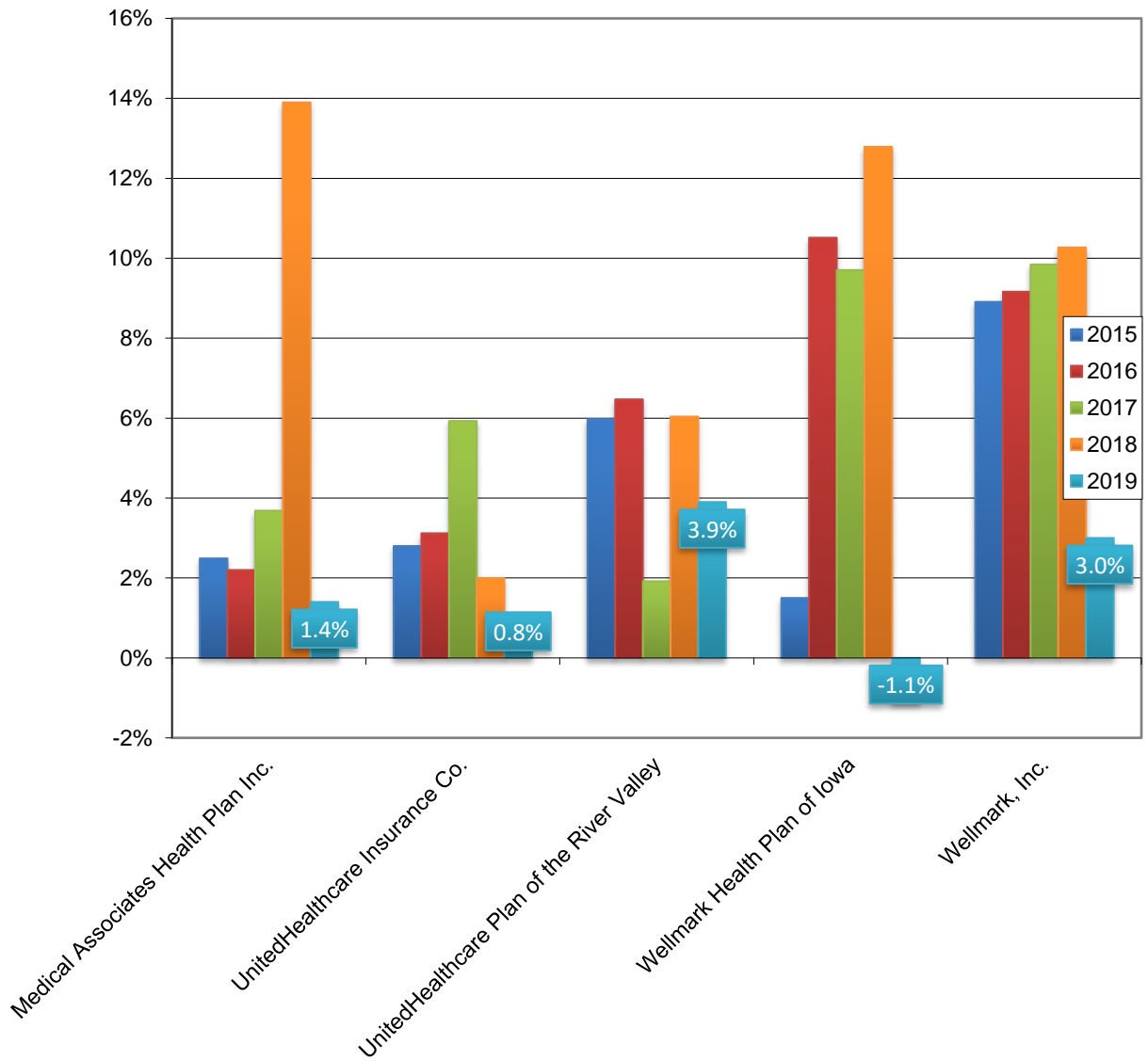
²⁵ Only 2019 labels are included for readability.

²⁶ Medica Insurance Co. was new to the Iowa individual market in 2016 which is why they show a 0% increase. We do not have rate increase information for Aetna Life Insurance Company for 2014-2016 because they were not included in surveys prior to 2018. Wellmark Value Health Plan Inc. was new to the data call in 2019, therefore they show a 0% increase.

²⁷ Medica was the only participant in the ACA market in 2018 and included an additional load on individual market silver plans to account for the federal decision to defund CSRs, which is driving the significantly higher rate increase.

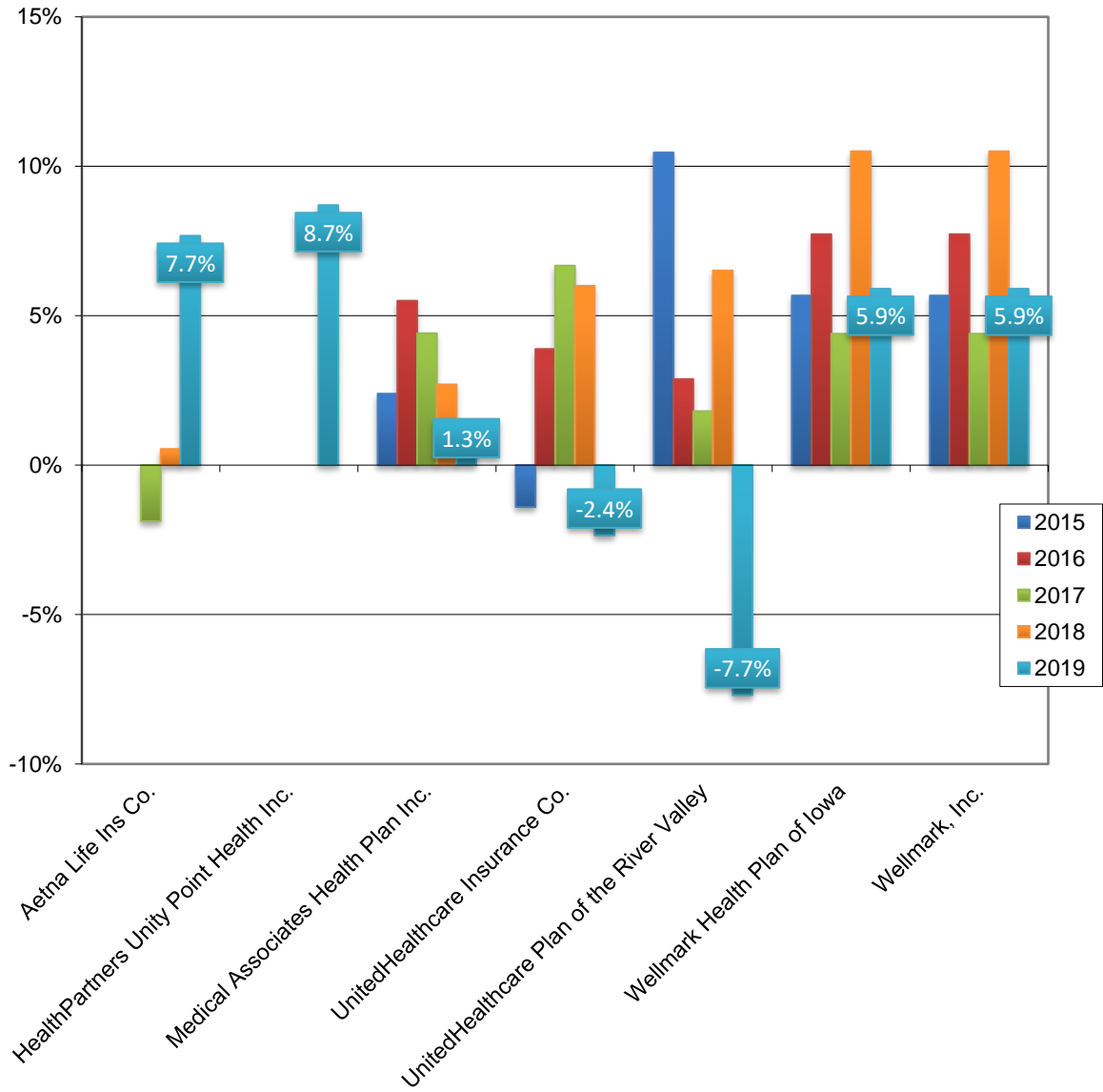


Small Group Rate Increases 2015 - 2019





Large Group Rate Increases 2015 - 2019



Health Care Expenditures

c. Health care expenditures in the state and the effect of such expenditure on health insurance premium rates.

National Health Expenditures

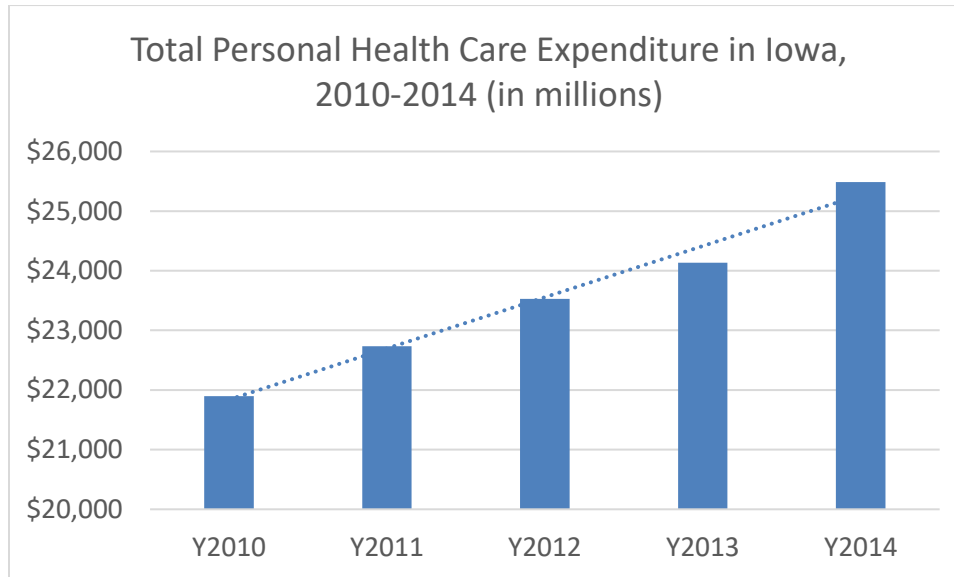
Health care expenditures are the primary driver of health insurance premiums. The cost of health care services increases due to a combination of the increased cost of individual services and the increased use of the services. That cost increase is passed on to policyholders in the form of premium increases. Periodically, CMS releases a provider expenditure report which provides information on the annual health care expenditures for certain categories by state and by region. The latest report includes data from 1980 through 2014.²⁸ The table below shows the total expenditures in Iowa by category (in millions) for the most recent available 5 years included in the report.²⁹

Iowa Expenditure Category (in millions)	2010	2011	2012	2013	2014
Hospital Care	\$8,701	\$9,024	\$9,426	\$9,753	\$10,231
Physician & Clinical Services	\$4,271	\$4,385	\$4,538	\$4,607	\$4,826
Other Professional Services	\$674	\$702	\$742	\$779	\$814
Dental Services	\$1,007	\$1,070	\$1,050	\$1,060	\$1,093
Home Health Care	\$421	\$434	\$479	\$504	\$548
Prescription Drugs and Other Non-durable Medical Products	\$2,982	\$3,158	\$3,226	\$3,222	\$3,568
Durable Medical Products	\$361	\$395	\$408	\$422	\$433
Nursing Home Care	\$1,824	\$1,883	\$1,927	\$1,956	\$2,059
Other Health, Residential, and Personal Care	\$1,654	\$1,682	\$1,732	\$1,833	\$1,914
Personal Health Care	\$21,895	\$22,733	\$23,528	\$24,135	\$25,487

²⁸ This report has not been updated by CMS.

²⁹ CMS.gov. "State (Provider) Health Expenditures by State of Provider, 1980-2014." <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsProvider.html>. Accessed October 22, 2020.

The CMS report showed a consistent increase in the total personal health care expenditure over the latest available five years. The graph below shows the trend in total personal health care expenditure in Iowa from 2010 to 2014.

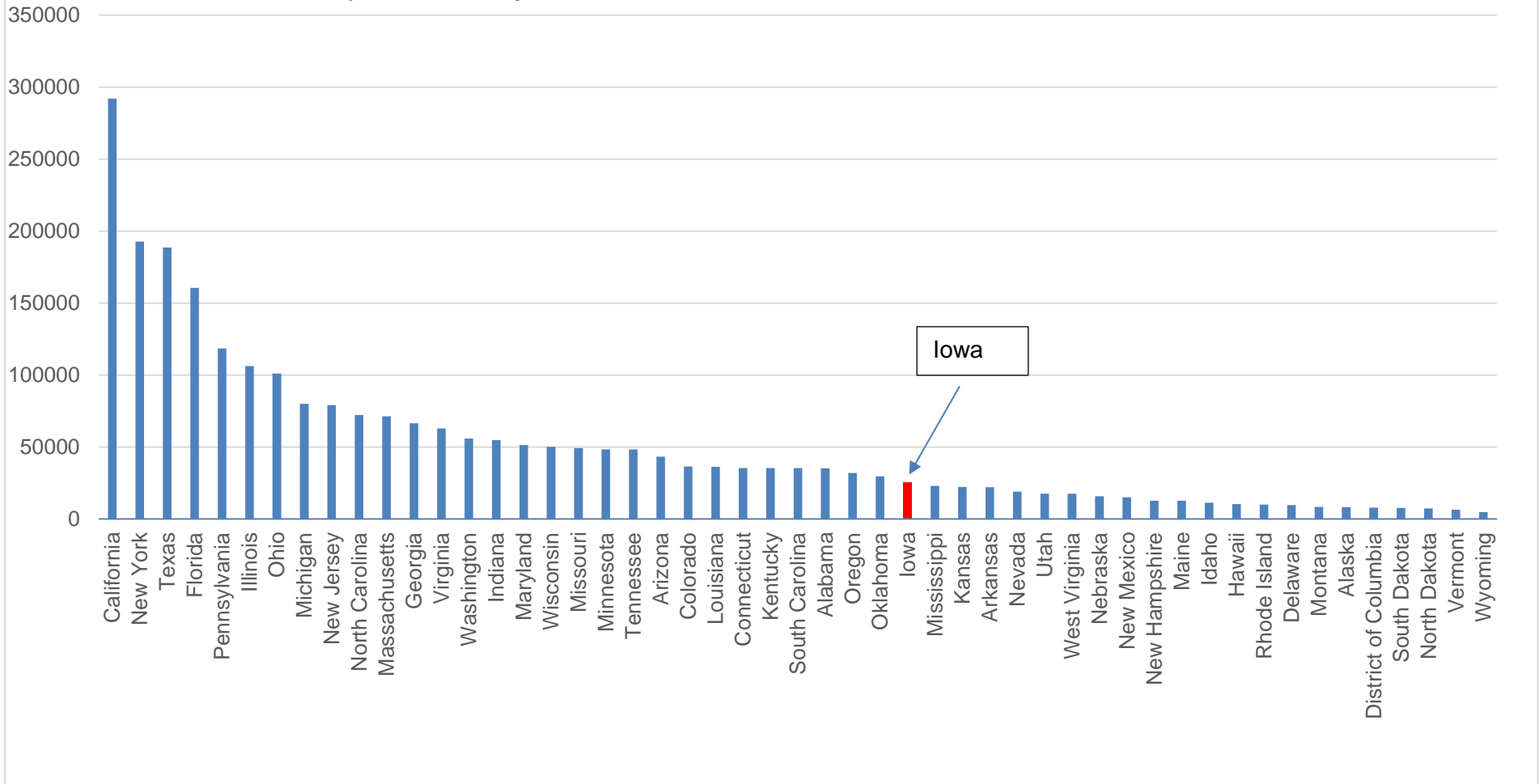


CMS also provided a report detailing the health expenditures for personal health care by state as of 2014. The chart below compares the aggregate and per capita estimates of Iowa (in red) to the other states.³⁰ According to the table, Iowa’s per capita health expenditures rank 30 of 51 states (including the District of Columbia). We note Iowa’s per capita health expenditures rank higher than the national average. Although Iowa’s expenditures have been consistently increasing, they continue to be significantly less than states such as California, New York, and Texas.

³⁰ CMS.gov. “Health Expenditures by State of Residence, 1991-2014.” <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsResidence.html>. Accessed October 22, 2020.



Health Expenditures by State of Residence, Personal Health Care 2014





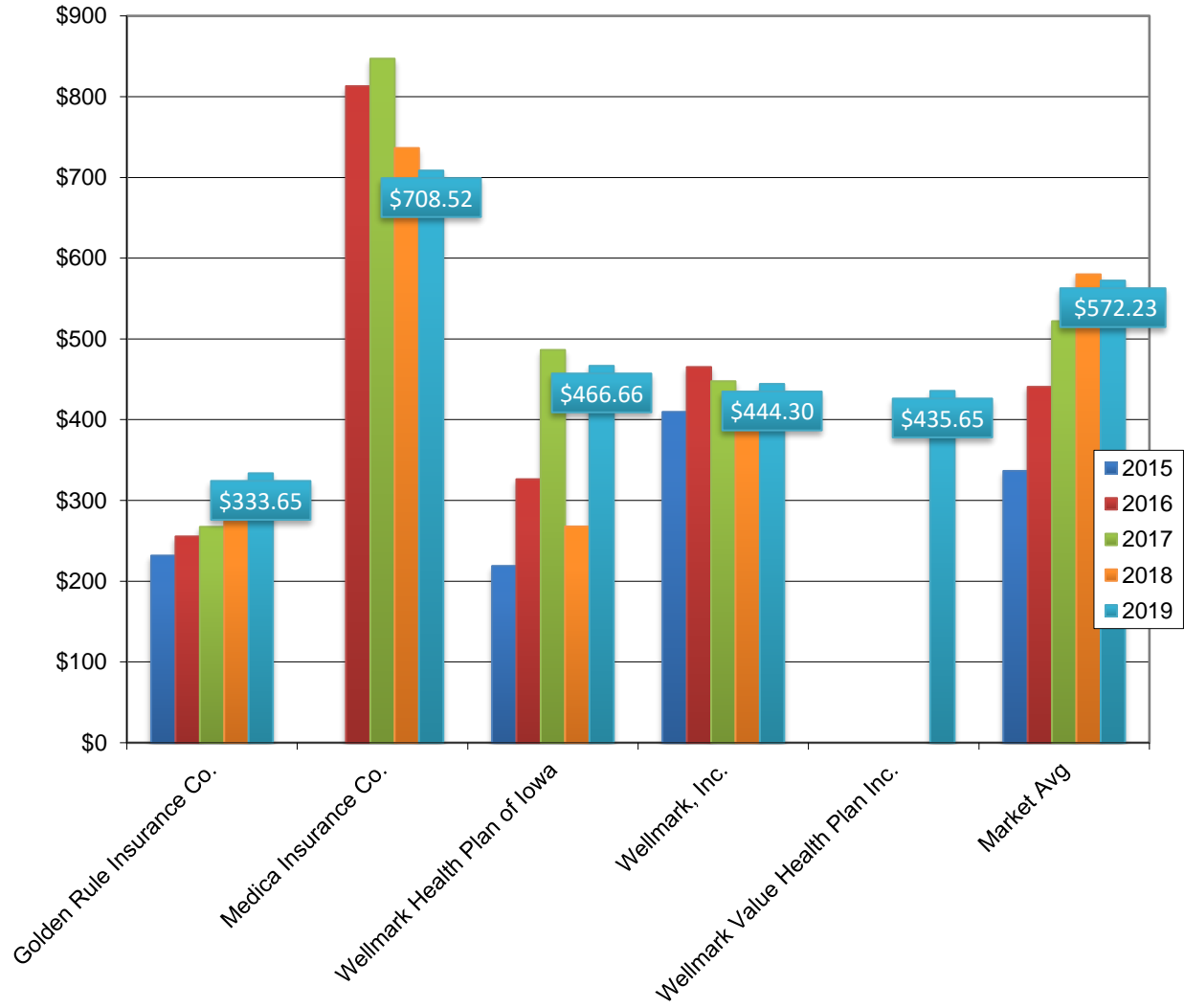
Allowed Claims PMPM Experience

The allowed amounts provided in the data call are provided in *Appendix G*.

We recognize the national health expenditure data, while relatively recent, is outdated due to implementation of the ACA, which was not implemented until 2014. Even after the implementation, the market has continued to evolve and adapt to continually changing regulations and guidance. We began requesting allowed claims from the surveyed carriers beginning with the 2015 plan year. The allowed amount is the maximum amount that an insurer will pay for a covered service prior to cost sharing. Reviewing the change in allowed claims by year provides context about how health expenditures are changing. The results by market are presented in the charts below. It is important to note that PMPM amounts by carrier are likely not directly comparable. This is because different carriers having different enrolled populations in terms of demographics and morbidity levels. For the individual and small group markets (especially the individual market) carriers also have a different mix of ACA and non-ACA plans.

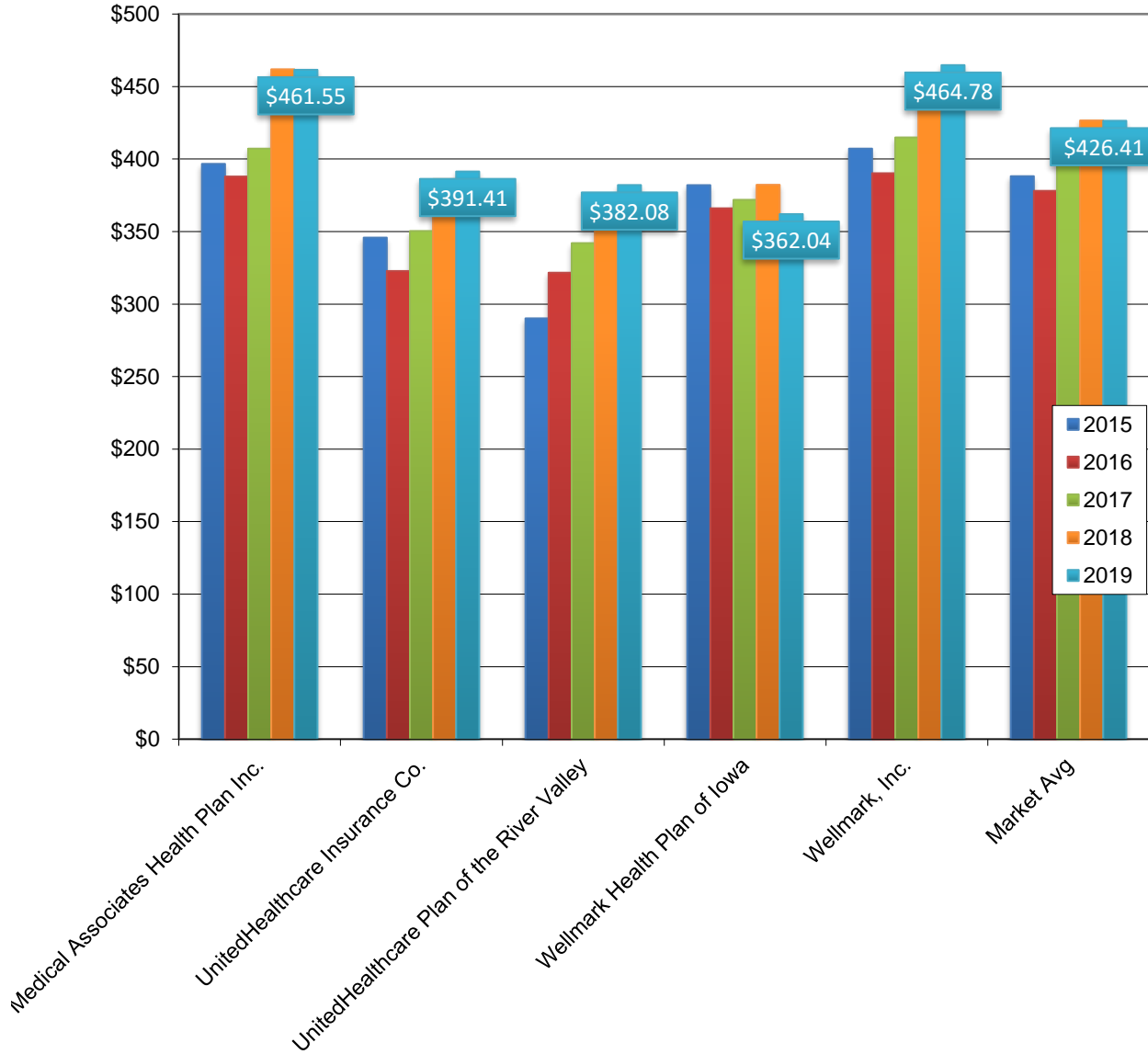


ICCM Allowed Claims PMPMs 2015-2019



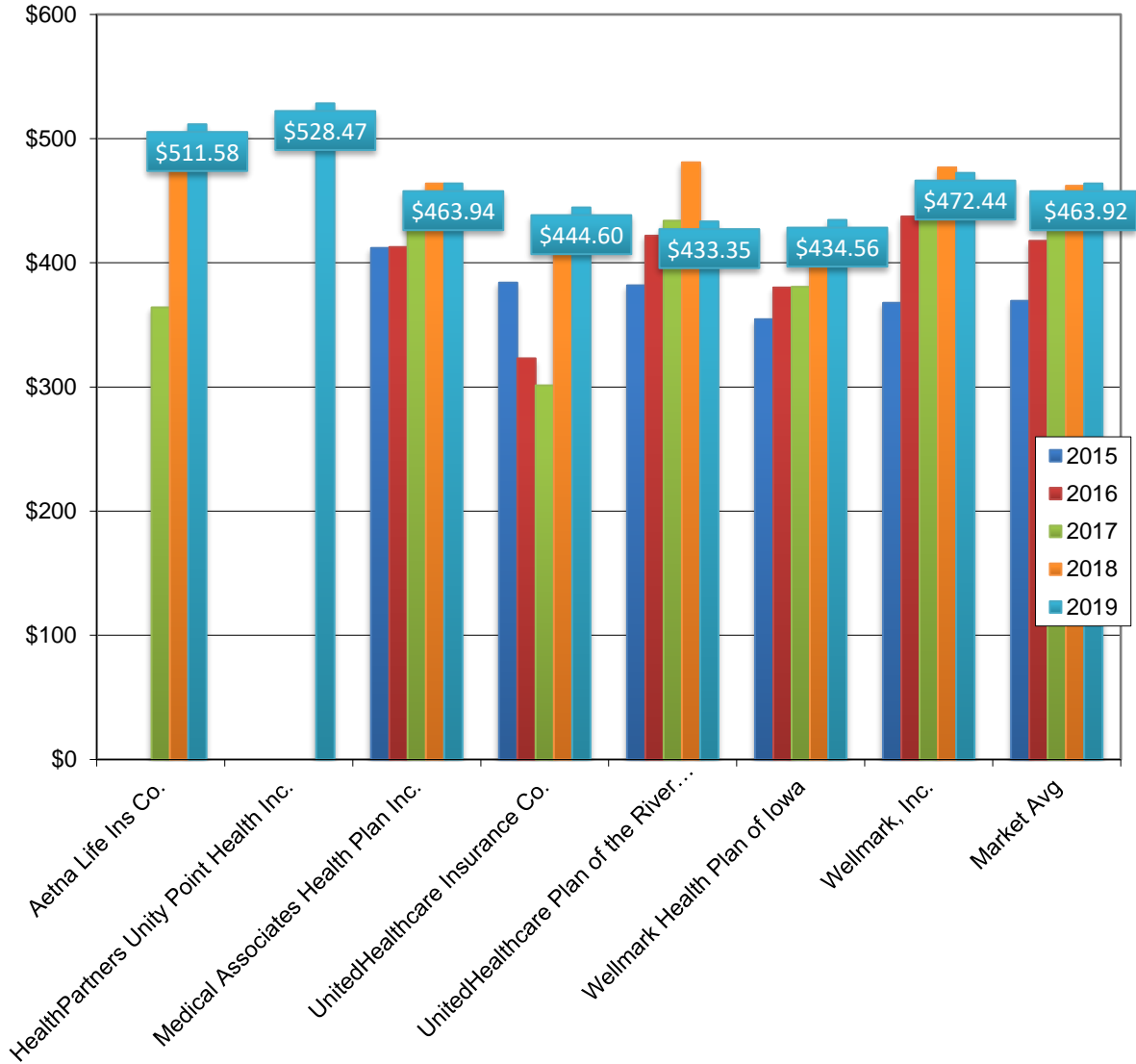


Small Group Allowed Claims PMPMs 2015-2019





Large Group Allowed Claims PMPMs 2015-2019



Unified Rate Review Template (URRT) Allowed Claims Experience

We can also capture allowed claims experience at a more detailed level for non-grandfathered individual and small group markets using the Unified Rate Review Template (URRT). The URRT is required to be submitted by carriers in the individual and small group markets³¹ when they propose ACA-compliant plan rates in a plan year and provides allowed claims information at the benefit category level.

We have included comparison charts for the major benefit categories contained in the URRT. Because not all issuers' URRTs show capitation amounts, and because the URRT "Other" categories are small and inconsistent, we have not provided charts for these categories. We capture what we believe are the most comparable benefit categories in the charts below, while there are benefits categories (capitation and other) which are not included. Thus, the totals provided below will not add up to the total allowed claims in the experience period of the URRTs. The allowed claims PMPM for the ACA, grandfathered, and transitional business combined is provided in the prior section 'Allowed Claims PMPM Experience.'

The URRT includes actual allowed claims in the experience period, which is defined as two years prior to the plan year (the year for which rates are being developed and filed for approval), for ACA-compliant and transitional business. For example, if a carrier proposes to offer ACA-compliant plans in 2020, a URRT will include actual allowed costs from the 2018 plan year for a company's ACA-compliant and may include transitional business.³² Therefore, reviewing the URRTs submitted by carriers for plan year 2017-2021³³ allows us to capture actual allowed costs from 2015-2019 by benefit category for the individual and small group markets. Large group market rate filings are not required to provide the URRT. Also please note that the URRT changed slightly for the 2020 plan year where the experience period (2018) allowed costs are for essential health benefits only, whereas previous years the allowed claims also reflected non-EHBs. Very few companies offer benefits in addition to EHBs, and where applicable we multiplied the allowed by each company's estimated impact of non-EHBs to make the experience comparable.

Data from non-credible carriers was removed from the analysis below.

Medica Insurance Co. is the only carrier who filed rates for the 2018 plan year in the Iowa individual market, URRTs for the other companies were not provided. Medica's 2016 market share was not credible and was too small to represent the whole market. This means we were not able to capture credible experience information from the 2016 plan year for the individual

³¹ The URRTs are not submitted in the large group market.

³² Beginning with the 2020 plan year, transitional plans are not required to be included in the URRT unless they actually affect the projected Index Rate. If the issuer does not anticipate that members with those plans will be enrolled in single risk pool plans during the plan year, they do not need to be included in the URRT.

³³ URRT information can be found at <https://iid.iowa.gov/sfa>



market. The 2016 experience that Medica Insurance Co. provided represented 15,042 member months,³⁴ compared to nearly 1.7 million member months we were able to capture in 2015. Many of these members were likely covered by other carriers who offered coverage in 2017, but subsequently exited the Iowa individual market.

We were able to capture credible experience from the 2017 plan year as Wellmark Health Plan of Iowa and Wellmark Value Health Plan, Inc. filed to rejoin the Iowa individual market in 2019. They will join Medica Insurance Co, who again filed rates for 2019 in the Iowa individual market. However, this experience only represents approximately 300,000 member months in 2017, compared to the nearly 1.7 million member months that were captured in 2015. Medica was the only carrier in the Iowa individual ACA market in 2018 and showed 491,277 member months for that year. This suggests many of the members covered in 2015 have found alternate sources of coverage or became uninsured as carriers have left the market. Similarly, Medica and Wellmark Health Plan of Iowa combined represented almost 503,000 member months in 2019.

The small group market data is fully credible in all years.

The URRT requires carriers to categorize allowed costs into Inpatient, Outpatient, Professional, Pharmacy, Other, and Capitation. The following tables show the PMPM costs by benefit category by market for the past three years.^{35,36}

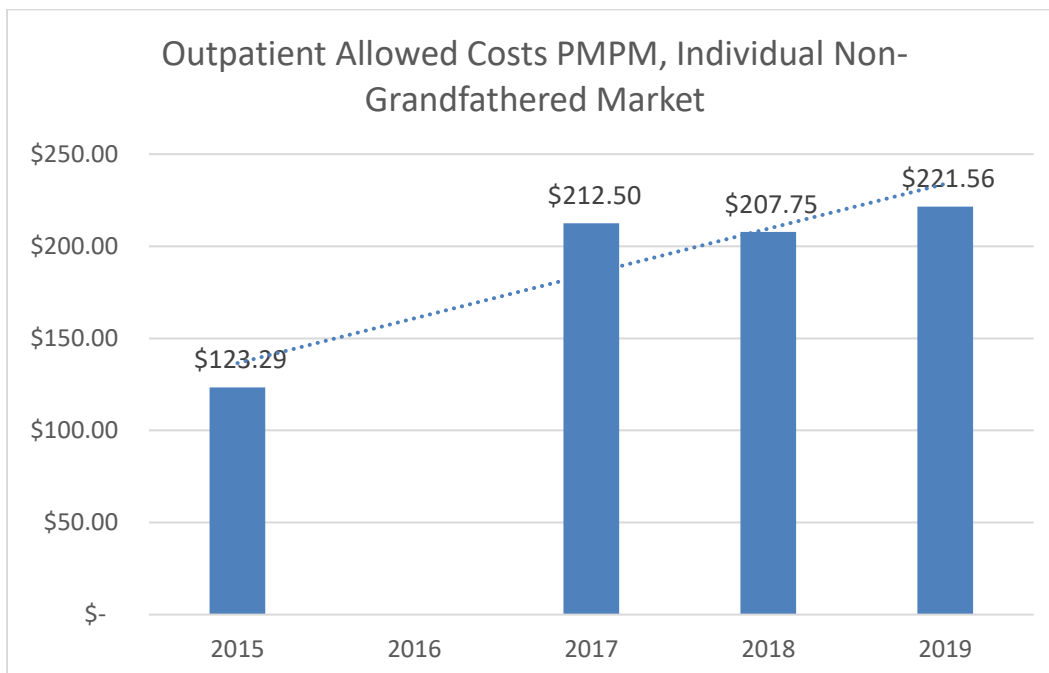
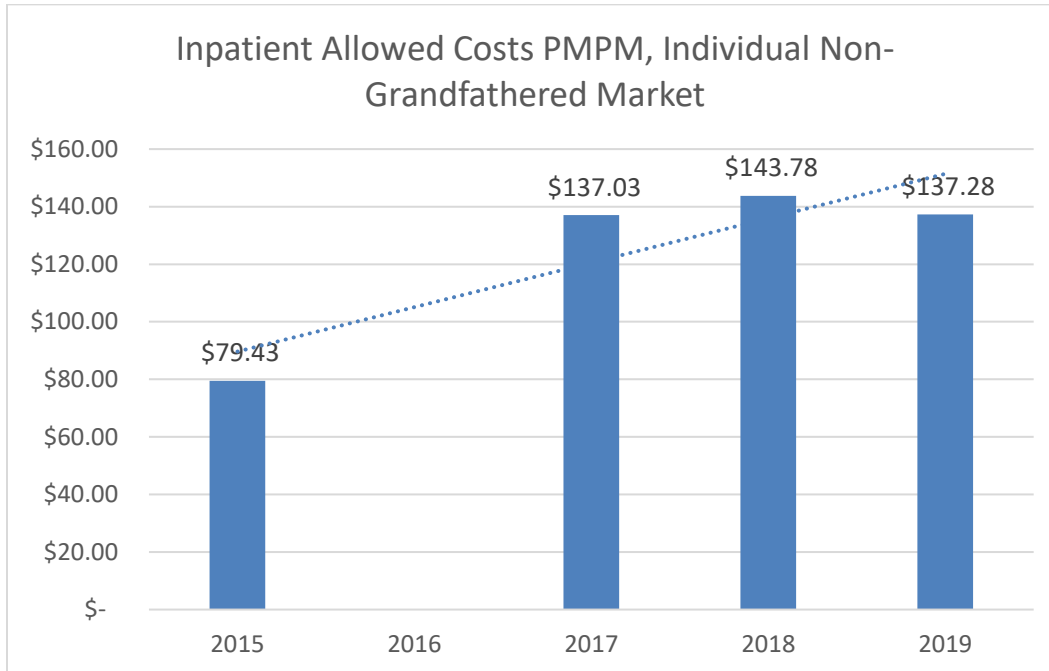
³⁴ 2016 individual market data was removed because it was not credible.

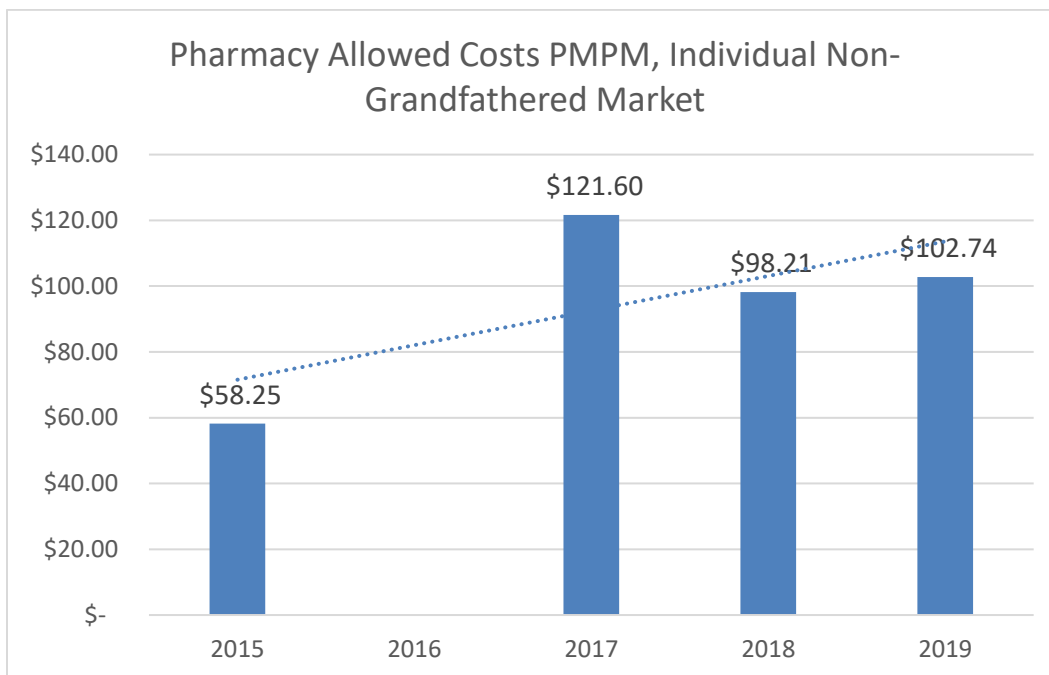
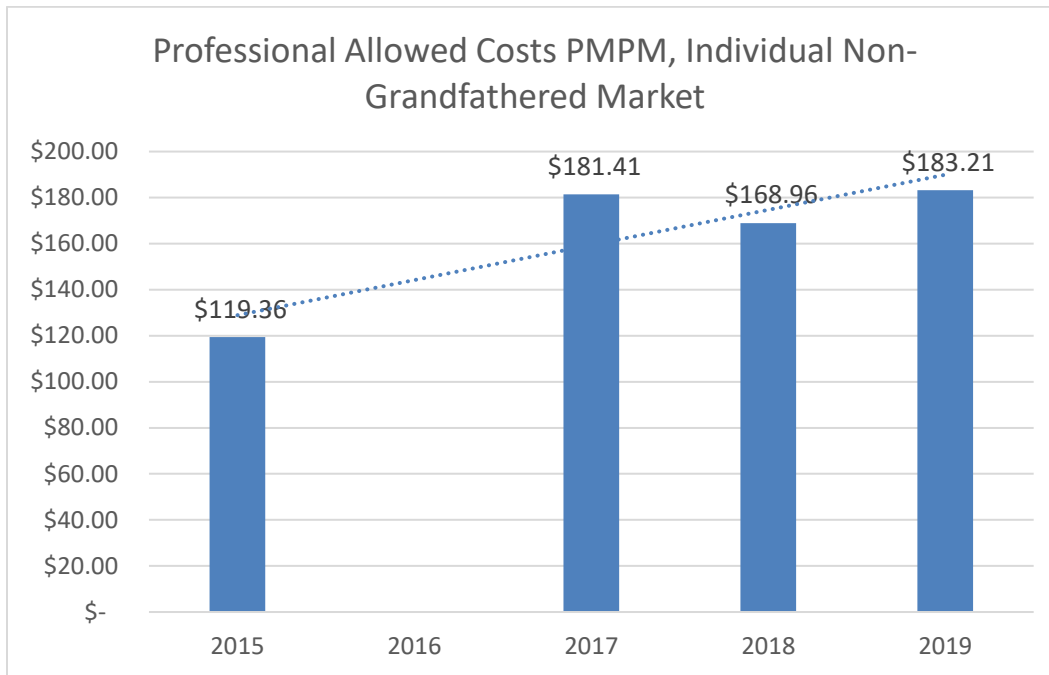
³⁵ The benefit categories “Other” and “Capitation” are not included due to differences in reporting between carriers.

³⁶ The allowed amounts provided in these tables are from the carrier submitted URRTs, which represent ACA-compliant and transitional products. The carriers provided allowed amounts in the data call which differ from the allowed amounts in the URRT because of accounting differences and because they include additional business such as grandfathered plans.



Individual Market Allowed Claims Per Member Per Month (PMPM)

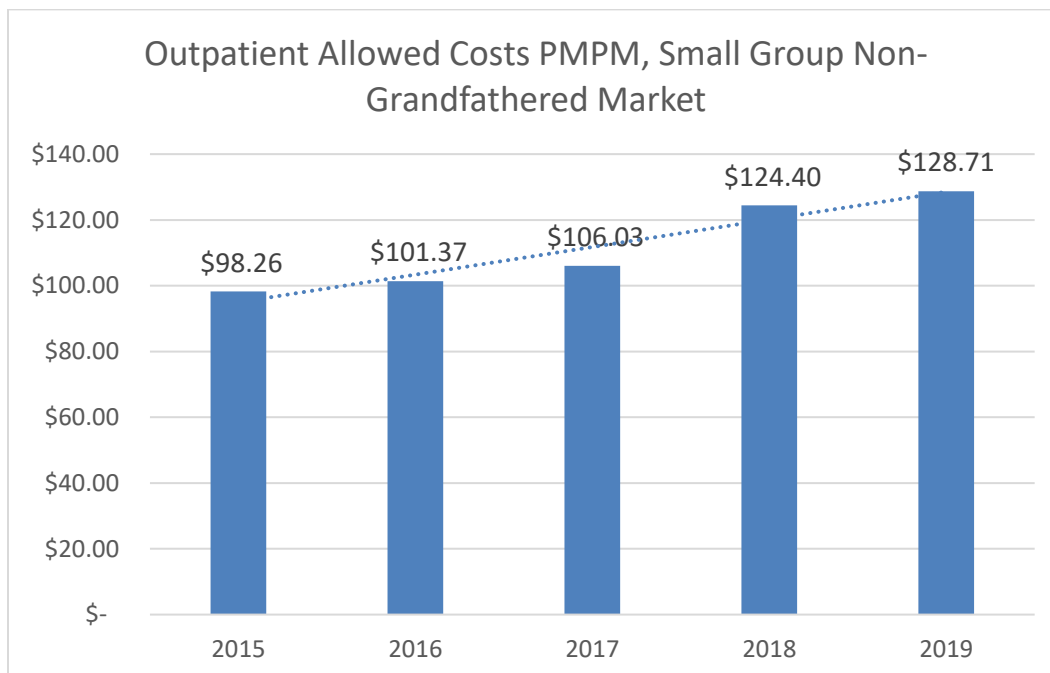
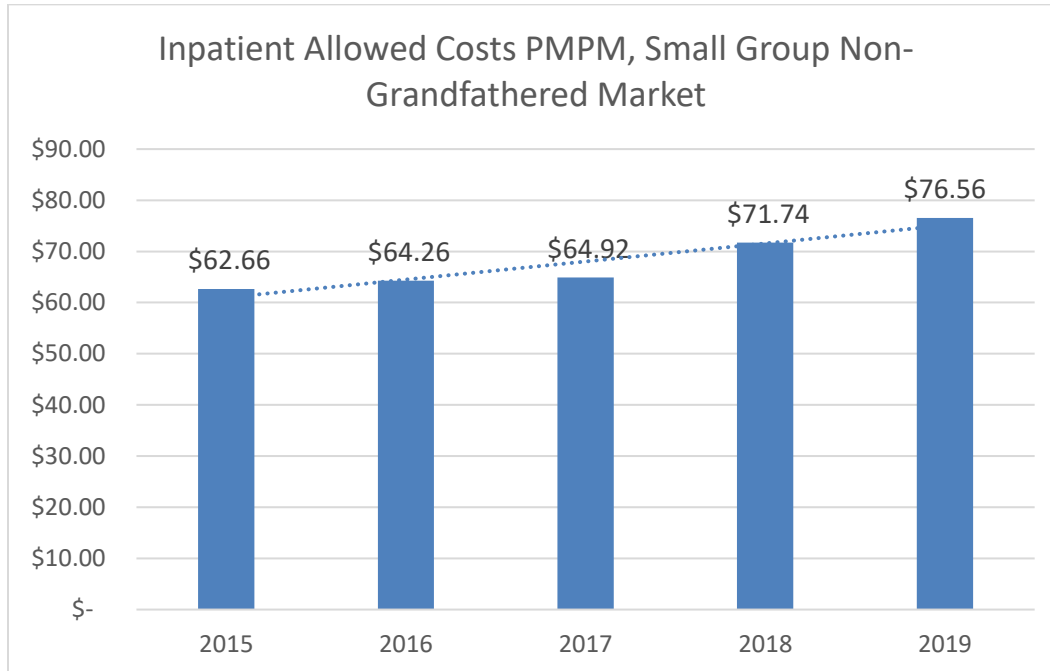


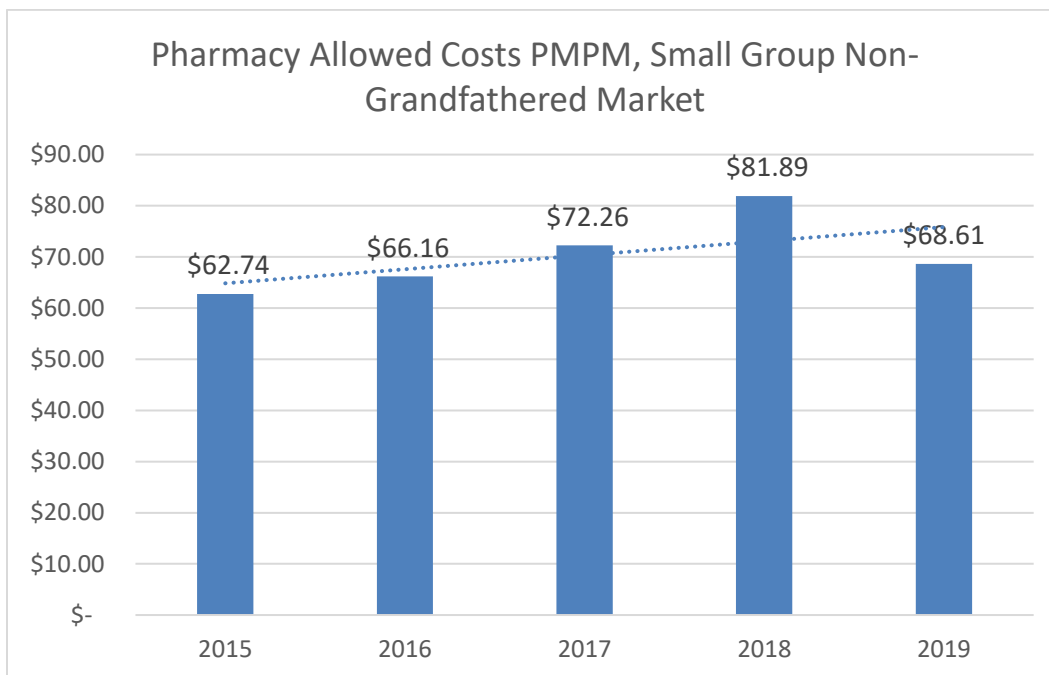
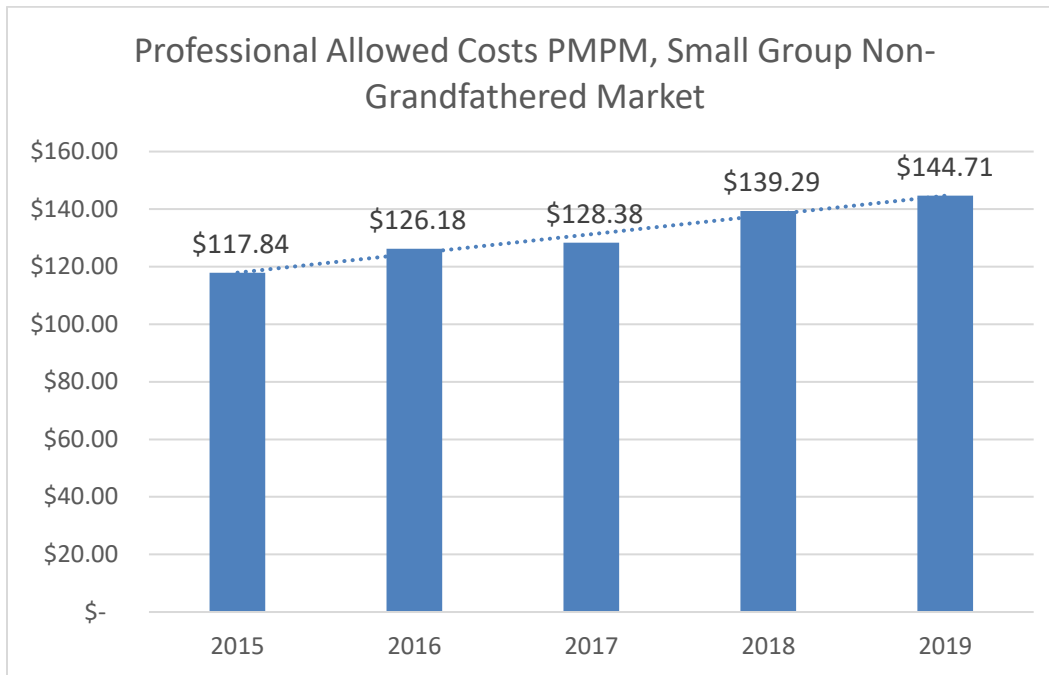


As shown in the tables above, the inpatient, outpatient, and pharmacy experience have increased relatively consistently from 15% to 16% on an annualized basis from 2015-2019. The professional category increase has been lower at 11%.



Small Group Market Allowed Claims Per Member Per Month (PMPM)





The small group non-grandfathered market increases have been more moderate, with annualized increases being 5% for inpatient, 7% for outpatient, 5% for professional, and 2% for pharmacy.



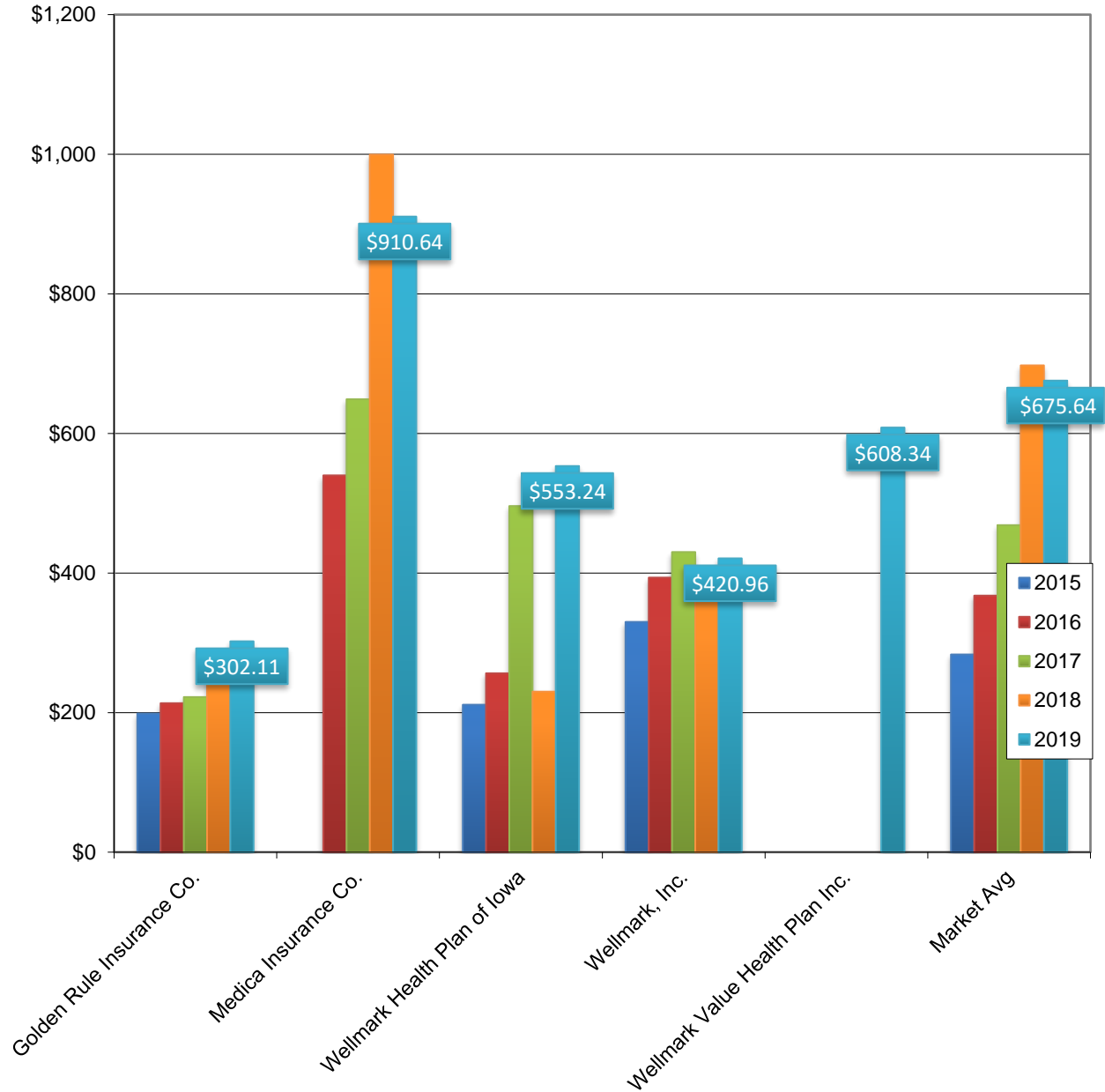
Earned Premiums PMPM

The total earned premiums provided in the data call are provided in *Appendix G*.

Since premiums are typically calculated based on estimated health care claims, as health care expenditures increase, premium rates increase. Premiums typically increase faster than health care expenses for many reasons. One reason for higher premium increases is that if deductible amounts do not increase, all the increases in health care dollars are used to increase premiums, which results in a higher percentage increase. For example, if a policy has a \$2,000 deductible and a \$5,000 estimated claims cost (\$7,000 total health care costs), and health care costs are expected to increase \$700 or 10%, that is added to the estimated claims cost of \$5,000 for a 14% increase in claims cost. The charts below show the earned premiums PMPM by carrier for the past 5 years. The large increase in earned premium for 2018 for Medica is somewhat explained by the silver plan loading for ceased federal funding of CSR amounts. As noted above with regard to allowed costs, average premium rates by carrier are not directly comparable because of inherent differences including demographics and plan mix.

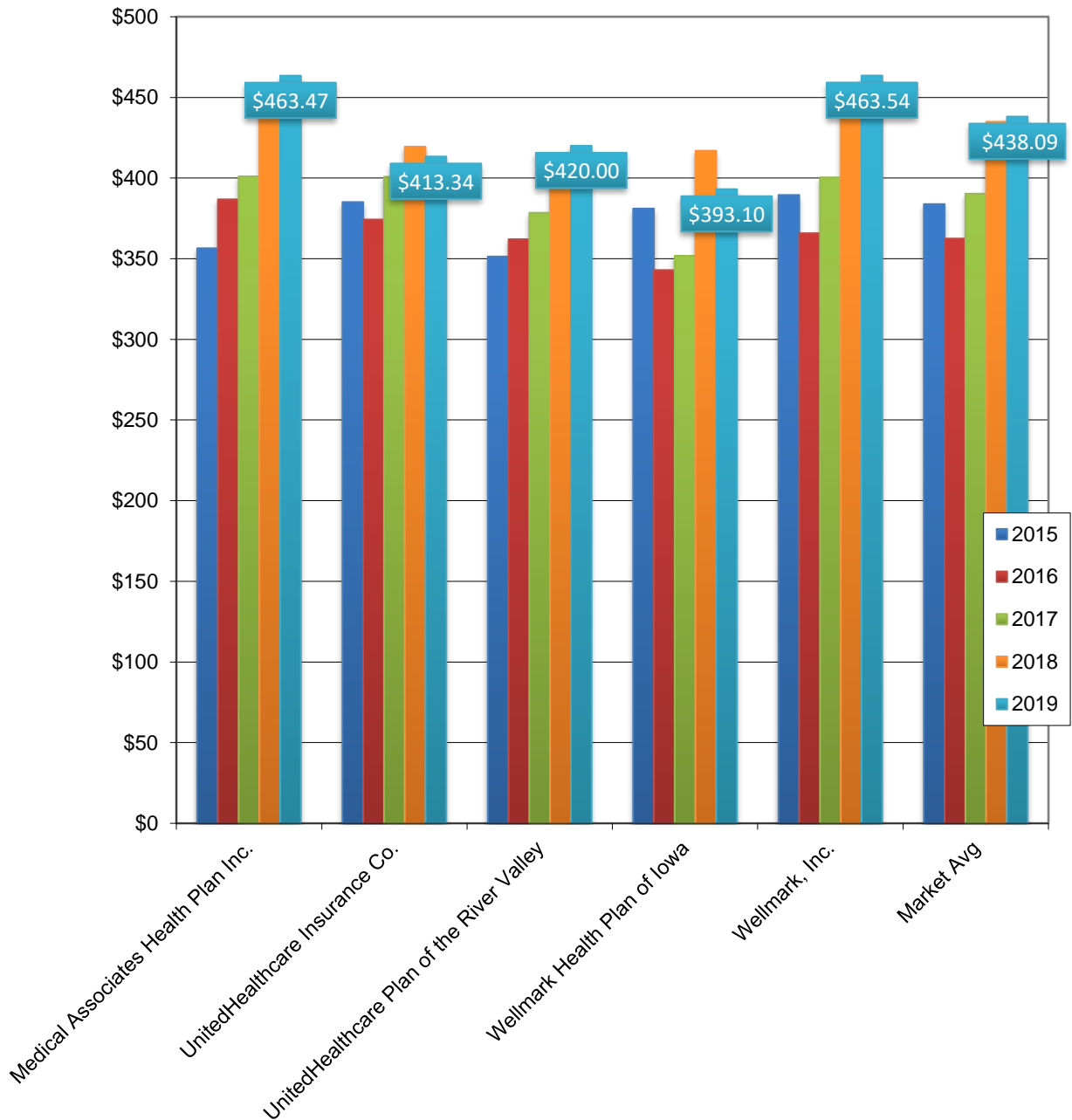


ICCM Earned Premium PMPMs 2015-2019



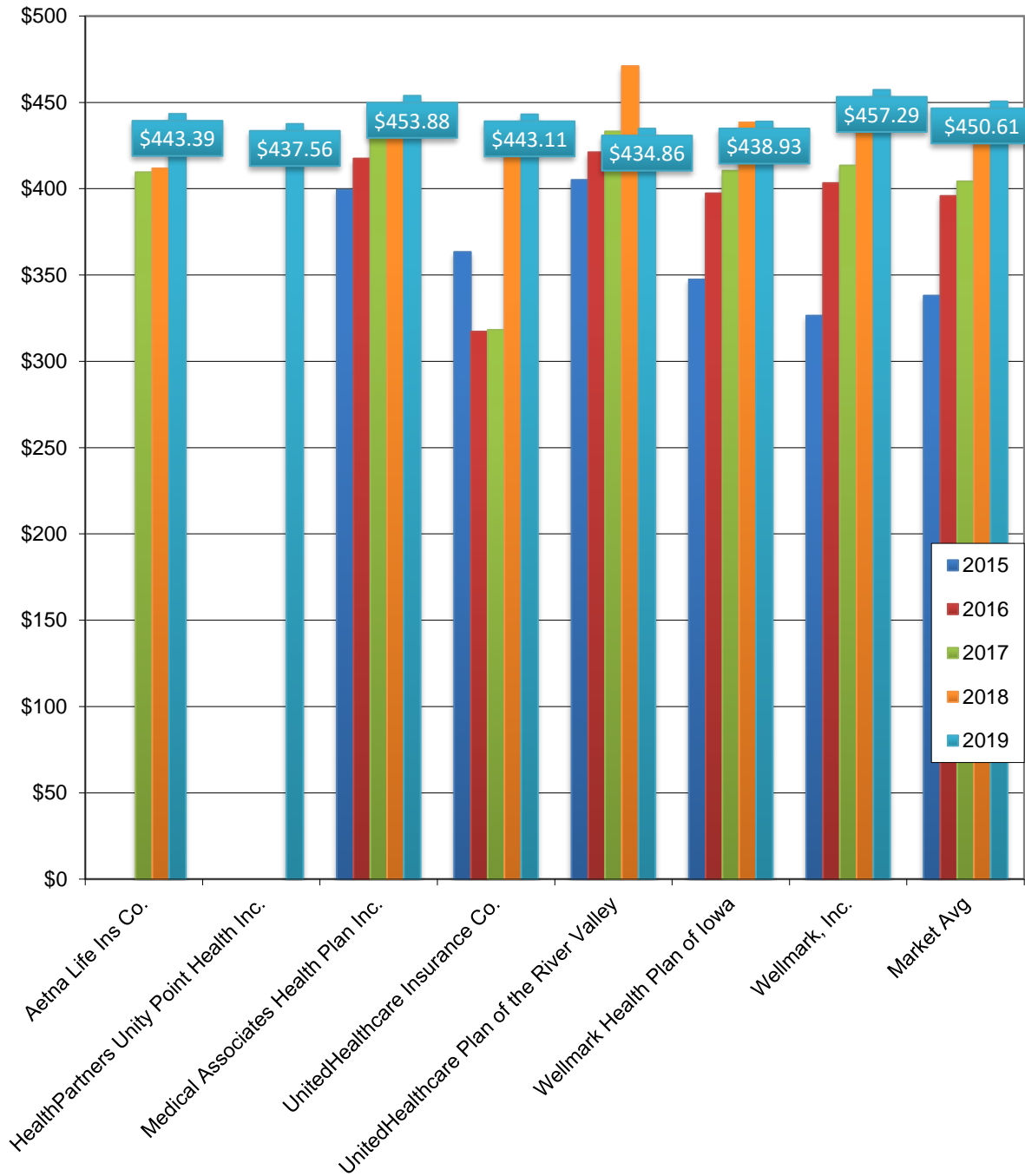


Small Group Earned Premium PMPMs 2015-2019





Large Group Earned Premium PMPMs 2015-2019



Premium Rates³⁷

While interesting to review, the earned premiums can be affected by a number of factors, including the distribution of enrolled members and plan designs which makes them less useful for comparisons between years and between carriers. It is more useful to review the actual premium rates charged, which normalizes for factors such as the distribution of members. We used the “Plan Year 2021 Qualified Health Plan Choice and Premiums in HealthCare.gov States” provided by CMS to compare the Iowa premiums to the country. We look at 2021 premium rates because they are largely based on 2019 experience, particularly for carriers with credible blocks of business.

The report noted that, “Iowa has the greatest percentage decrease in the average 27 year-old benchmark plan premium from PY20 (\$607) to PY21 (\$429), a 29% decrease.”³⁸ The benchmark plan is also known as the average second lowest cost silver plan premium attributable to the EHBs. The report notes that for states on HealthCare.gov, the benchmark plan decreased 2% on average, which is far less than the Iowa decrease. We also note the “Plan Year 2021 Qualified Health Plan Choice and Premiums in HealthCare.gov States” stated Iowa is one of four states that have counties with fewer QHP issuers in PY21 than PY20.

For consistency with prior reports, we used the federal age curve to convert the premiums to age 40 in the table and graphs below.

Average Benchmark Plan Premiums (Age 40)	PY17	PY18	PY19	PY20	PY21
Iowa	\$378	\$713	\$762	\$740	\$523
US ³⁹	\$366	\$501	\$495	\$474	\$462

³⁷ Because Iowa does not have any small group health options program (SHOP) plans and large group plans do not report premium rates to HealthCare.gov, this section solely focuses on the individual on-exchange market.

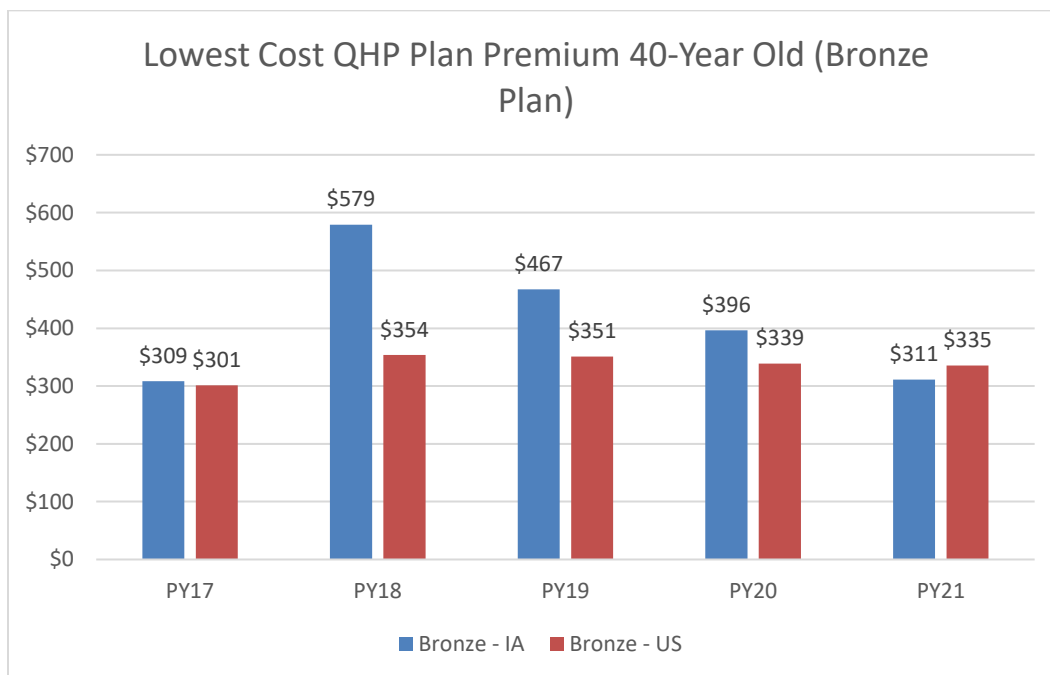
³⁸ Plan Year 2021 Qualified Health Plan Choice and Premiums in HealthCare.gov States. Centers for Medicare and Medicaid Services. October 19, 2020. <https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/2021QHPPremiumsChoiceReport.pdf>. Accessed October 22, 2020.

³⁹ US represents the average of HealthCare.gov states.



Below is a chart which compares the lowest cost plan premium for a 40-year old between Iowa and US.^{40, 41,42}

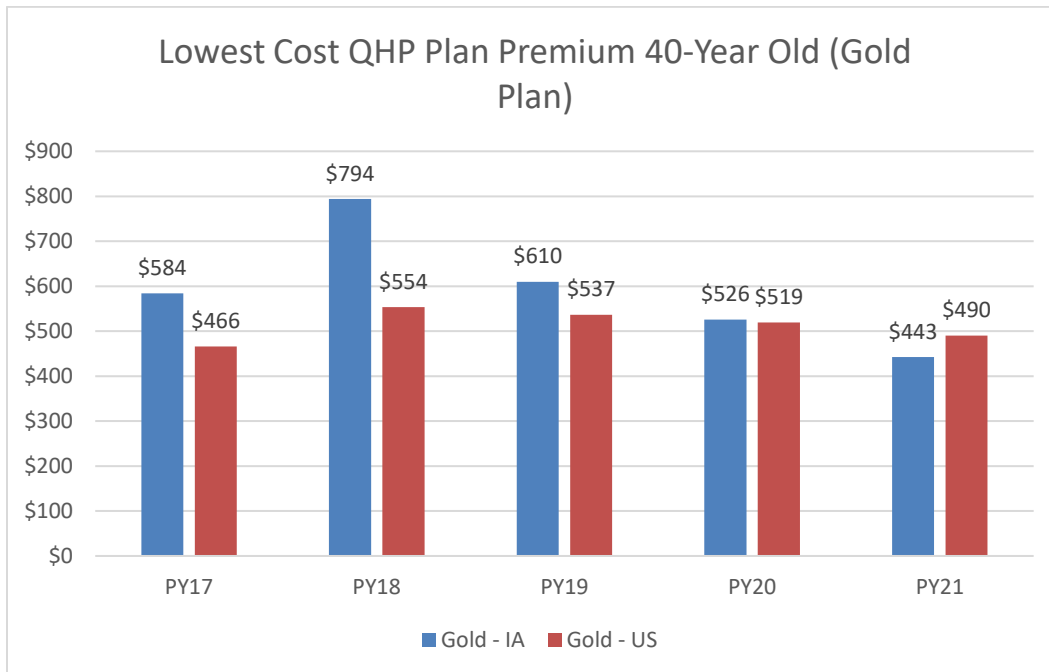
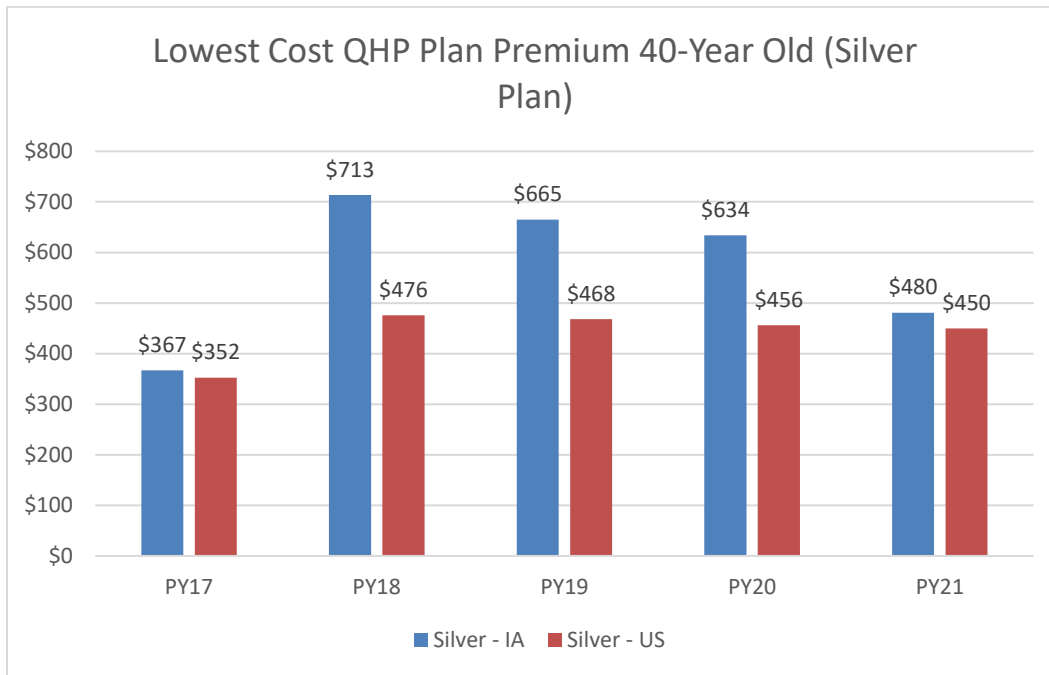
Average Lowest Cost Plan Premium (40 Year Old)	PY17	PY18	PY19	PY20	PY21
Bronze - IA	\$309	\$579	\$467	\$396	\$311
Bronze - US	\$301	\$354	\$351	\$339	\$335
Silver - IA	\$367	\$713	\$665	\$634	\$480
Silver - US	\$352	\$476	\$468	\$456	\$450
Gold - IA	\$584	\$794	\$610	\$526	\$443
Gold - US	\$466	\$554	\$537	\$519	\$490



⁴⁰ The US represents all HealthCare.gov states.

⁴¹ Plan Year 2021 Qualified Health Plan Choice and Premiums in HealthCare.gov States. Centers for Medicare and Medicaid Services. October 19, 2020. <https://www.cms.gov/CCIIO/Resources/Data-Resources/Downloads/2021QHPPremiumsChoiceReport.pdf>. Accessed October 22, 2020.

⁴² Please note these premiums are only for the individual market. Iowa has not had any small group exchange participants since 2018.



Drivers of Higher Costs and Cost Reductions

d. A ranking and quantification of those factors that result in higher costs and those factors that result in lower costs for each health insurance plan offered in the state.⁴³

Many carriers were not able to break out individual, small group, and large group cost drivers. In previous reports, carriers also used varying terminology and aggregation levels to describe the health care categories for the cost drivers and we consolidated the cost drivers for all carriers at total market level to avoid providing an inaccurate picture of a market segment based on limited data. This conversion was somewhat problematic due to overlapping terms. For example, one carrier may have used inpatient hospital as a category which may have included surgery costs, and another carrier broke out all surgery costs separately. Also, some issuers may be including change in enrollment and deductible leveraging in with the various service components and not reporting them separately. We have worked on standardizing the reporting language in recent years, but some of these issues still exist. All of the data provided can be found in *Appendix D*. *Appendix H* shows a mapping of the original categories provided to the categories used below.

Overall, carriers reported \$175 million rise in health care costs from the top five increase drivers (up from the \$141 million reported in the 2018 data call) and \$31 million reduction in the top five decrease drivers (down from the \$86 reported in the 2018 data call). The top five increase drivers accounted for 75% of the increases, down from 84% in the previous data call. The top five decrease drivers accounted for 82% of the decreases which is up from 73% of the decreases in the prior data call. This seems to show that categories are rising and dropping at a more uniform rate than in past years. Consistent with our prior report, we interpret this to imply that more of the “lessor” drivers are playing a role in the increase in health care costs increases rather than just the top five, while the opposite is true for decreases.

The top five drivers of health care cost increases reported for 2019 are outpatient hospital, prescription drug, mental health/chemical dependency (MH/CD), physician, and inpatient hospital. The top five services reported to have decreased costs are population change, inpatient hospital, laboratory and X-ray, prescription drug, and other. Services can be on both lists because some aspects of a cost or service are increasing and some are decreasing. Note: a driver can be included as both an increase driver and a decrease driver because of the level of reporting. For instance, the prescription drug category includes services that are increasing the costs of healthcare and decreasing the cost of healthcare, which causes carriers to report prescription drug as an increasing and decreasing cost driver, although the decrease outweighs the increase. In all cases of overlap, except for population change, laboratory and x-ray, and preventive the increase outweighed the decrease.

⁴³ For more information on cost drivers, please see the American Academy of Actuaries annual reports. The 2019 cost drivers are described at <https://www.actuary.org/content/drivers-2019-health-insurance-premium-changes-1>.



The following is a ranking of the health care services that are driving increases and decreases in health insurance premiums, as reported by carriers in Iowa after consolidation and redefinition.

Increases:

Company Reported Service (Standardized Category)	Increases	% of Total Listed Increases
Outpatient Hospital	\$57,477,841	25%
Prescription Drug	\$43,752,051	19%
MH/CD	\$27,617,684	12%
Physician	\$25,864,989	11%
Inpatient Hospital	\$20,084,875	9%
Other	\$17,358,306	7%
Emergency Room	\$10,084,654	4%
Deductible Leveraging	\$8,488,675	4%
Diagnostic Imaging & Tests	\$7,961,041	3%
Population change	\$6,999,098	3%
Radiology	\$2,295,931	1%
Skilled Nursing Facilities	\$2,148,006	1%
Surgery	\$1,952,044	1%
Laboratory and X-ray	\$569,471	0%
Ambulance	\$473,074	0%
Preventive	\$142,297	0%
Medical Technology	\$14,665	0%



Decreases:

Company Reported Service (Standardized Category)	Decreases	% of Total Listed Decreases
Population change	-\$12,400,480	32%
Inpatient Hospital	-\$10,266,069	27%
Laboratory and X-ray	-\$3,837,219	10%
Prescription Drug	-\$2,539,622	7%
Other	-\$2,364,123	6%
Benefit Changes	-\$2,145,318	6%
Preventive	-\$1,194,338	3%
Outpatient Hospital	-\$1,038,297	3%
MH/CD	-\$649,020	2%
Skilled Nursing Facilities	-\$472,162	1%
Emergency Room	-\$444,381	1%
Physician	-\$366,440	1%
Radiology	-\$275,693	1%
Ambulance	-\$234,229	1%
Diagnostic Imaging & Tests	-\$204,546	1%



Increase and Decrease Netted by Service:

Company Reported Service (Standardized Category)	Decreases	Increases	Net Change	% of Total Net Change
Outpatient Hospital	(\$1,038,297)	\$57,477,841	\$56,439,544	29%
Prescription Drug	(\$2,539,622)	\$43,752,051	\$41,212,429	21%
MH/CD	(\$649,020)	\$27,617,684	\$26,968,664	14%
Physician	(\$366,440)	\$25,864,989	\$25,498,549	13%
Other	(\$2,364,123)	\$17,358,306	\$14,994,182	8%
Inpatient Hospital	(\$10,266,069)	\$20,084,875	\$9,818,806	5%
Emergency Room	(\$444,381)	\$10,084,654	\$9,640,273	5%
Deductible Leveraging		\$8,488,675	\$8,488,675	4%
Diagnostic Imaging & Tests	(\$204,546)	\$7,961,041	\$7,756,495	4%
Radiology	(\$275,693)	\$2,295,931	\$2,020,238	1%
Surgery		1952043.65	\$1,952,044	1%
Skilled Nursing Facilities	(\$472,162)	\$2,148,006	\$1,675,844	1%
Ambulance	(\$234,229)	\$473,074	\$238,844	0%
Medical Technology		\$14,665	\$14,665	0%
(blank)			\$0	0%
Preventive	(\$1,194,338)	\$142,297	(\$1,052,042)	-1%
Benefit Changes	(\$2,145,318)		(\$2,145,318)	-1%
Laboratory and X-ray	(\$3,837,219)	\$569,471	(\$3,267,748)	-2%
Population change	(\$12,400,480)	\$6,999,098	(\$5,401,381)	-3%
Net Listed Changes	(\$38,431,938)	\$233,284,700	\$194,852,762	100%



Reserves, Capital and Surplus, Risk-based Capital

e. The current capital and surplus and reserve amounts held in reserve by each health insurance carrier licensed to do business in the state.

Reserves

Reserves represent liabilities that are set aside to pay claims that have been incurred but have not been paid as of the financial statement date. Reserves vary significantly by the size of the carrier. Carriers are required to hold sufficient reserves to pay for claims (and related administrative expenses) that have not been paid and for the possibility that in the future claims will be higher than premiums. It is important for policyholder safety that these reserves are set aside to ensure that claims can be paid. If sufficient reserves are not set aside in the form of liabilities, there is a danger that the carrier will not be able to pay claims. Carriers are required to provide an actuarial opinion with their statutory annual financial statement from an actuary with experience in the type of insurance sold by the carrier verifying that reserves will be adequate to pay claims. Therefore, the level of reserves held represent the level of claims that the carrier is liable for and has not paid as of the financial statement date.

The following table shows the 2019 reserves held by each carrier for all lines of business:

Company	2019 Reserves
Aetna Life Ins. Co.	\$7,527,040,768
Golden Rule Ins. Co.	\$242,717,072
HealthPartners Unity Point Health Inc.	\$4,815,000
Medica Ins. Co.	\$421,328,169
Medical Assoc. Health Plan, Inc.	\$12,099,040
UnitedHealthcare Ins. Co.	\$7,171,646,807
UnitedHealthcare Plan of the River Valley	\$349,733,921
Wellmark Health Plan of IA, Inc.	\$72,220,289
Wellmark Value Health Plan Inc.	\$13,597,726
Wellmark, Inc.	\$434,229,525

Capital and Surplus

Capital and surplus represent the financial resources available to a company to protect it from insolvency in years in which it experiences adverse financial situations such as underwriting losses or loss in the value of its assets. The total value of the risks increases with the size of the company, since losses are experienced as a percentage of premiums or a percentage of assets; so if a company has higher premium volume or more assets, the total amount of risk is larger.

When capital and surplus rise above the level needed for solvency protection, a company can use it for other purposes such as capital investments to continue to operate efficiently, expanding



operations, stockholder dividends (for-profit organizations), policyholder dividends (mutual insurance companies), or as additional protection against adverse situations.

Capital and surplus by company for 2019 is displayed below:

Company	2019 Capital and Surplus
Aetna Life Ins. Co.	\$3,789,723,676
Golden Rule Ins. Co.	\$255,744,644
HealthPartners Unity Point Health Inc.	\$10,172,465
Medica Ins. Co.	\$1,068,893,451
Medical Assoc. Health Plan, Inc.	\$21,753,695
UnitedHealthcare Ins. Co.	\$8,532,478,733
UnitedHealthcare Plan of the River Valley	\$615,878,537
Wellmark Health Plan of IA, Inc.	\$209,045,415
Wellmark Value Health Plan Inc.	\$13,236,973
Wellmark, Inc.	\$1,853,666,963

Risk-based Capital

A complete set of data can be found in *Appendix E*.

We have included not only the capital and surplus, but also the risk-based capital (RBC). RBC is a measure developed by the National Association of Insurance Commissioners (NAIC) and measures a company's capital compared to its risk as measured by the NAIC Health RBC formula.

The 2019 RBC ratios for the companies in this report varied from 304% to 1207%. In 2018 the companies that reported varied from 232% to 1183%.

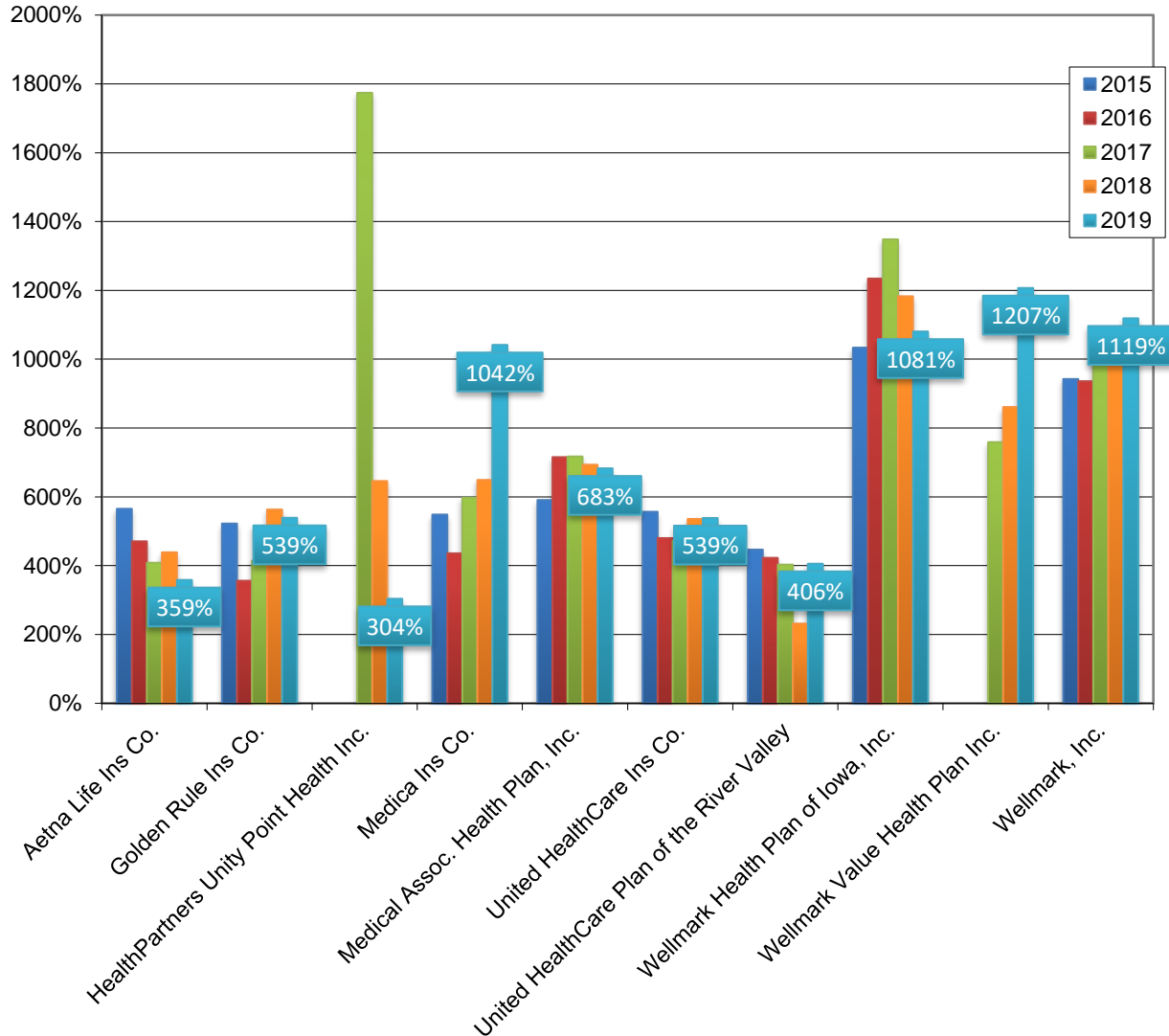


The following table shows the RBC percentages for 2019:

Company	2019 RBC
Aetna Life Ins. Co.	359%
Golden Rule Ins. Co.	539%
HealthPartners Unity Point Health Inc.	304%
Medica Ins. Co.	1042%
Medical Assoc. Health Plan, Inc.	683%
UnitedHealthcare Ins. Co.	539%
UnitedHealthcare Plan of the River Valley	406%
Wellmark Health Plan of IA, Inc.	1081%
Wellmark Value Health Plan Inc.	1207%
Wellmark, Inc.	1119%

RBC by company for the last five years is displayed below:^{44 45}

Risk Based Capital 2015 - 2019



Generally, falling RBC is an indication of losses in a company and rising RBC is an indication of profits in a company if the premium volume is relatively stable.

⁴⁴ While we do not have data call information for all years for Medica, Aetna Life Insurance Company, HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan, Inc. we do have access to company financials for the past five years and it is included in this analysis.

⁴⁵ RBC for HealthPartners Unity Point Health Inc. 2015 HPUPH 2016, and Wellmark Value Health Plan Inc. were 232000%, 920400%, and 62810% respectively and thus, were not included for readability.

Medical Trends

f. A listing of any apparent medical trends affecting health insurance costs in the state.

A complete list of carrier trends is included in *Appendix F*.

The answer to item d. above, drivers of higher costs and cost reductions, provides a more thorough response to this question, but carriers listed outpatient hospital (\$57,477,841) (an increase), as the top driver of healthcare cost overall. The next four largest magnitude drivers are prescription drug (\$43,752,051 - an increase), MH/CD (\$27,617,684 – an increase), physician (\$25,864,989 – an increase), and inpatient hospital (\$20,084,875 – an increase). In all cases of overlap except for population change, laboratory and x-ray, and preventive, the increasing aspects were higher than the decreasing aspects.

We standardized the answers provided by carriers. We tallied how many carriers identified each category as affecting the decrease or the increase of health insurance costs, as well as the number of occurrences. The most commonly listed trends affecting health insurance costs include:

Company Reported Service (Standardized Category)	# of Occurrences		# of Companies	
	Decrease	Increase	Decrease	Increase
Ambulance	2	4	2	4
Benefit Changes	2		2	
Deductible Leveraging		2		2
Diagnostic Imaging & Tests	2	4	2	4
Emergency Room	2	6	2	6
Inpatient Hospital	8	12	6	7
Laboratory and X-ray	4	4	4	3
Medical Technology		1		1
MH/CD	2	6	2	6
Other	10	6	4	5
Outpatient Hospital	4	16	3	10
Physician	7	7	4	7
Population change	1	1	1	1
Prescription Drug	5	11	4	8
Preventive	1	2	1	2
Radiology	2	2	1	1
Skilled Nursing Facilities	3	5	3	5
Surgery		2		1

Additional Data – Risk Adjustment and PMPM Costs

g. Any additional data or analysis deemed appropriate by the Commissioner to provide the general assembly with pertinent health insurance cost information.

A complete set of PMPM incurred cost, allowed cost, and non-benefit cost data can be found in *Appendix G*.

Risk Adjustment

The reinsurance and risk adjustment programs were started by the ACA to stabilize the individual and small group markets during the implementation of the ACA. The reinsurance program was a temporary program that was funded by all health insurers and reimbursed health insurers in the individual market for large claims. However, it ended in 2016 and therefore is not included in this report. The risk adjustment program is a permanent program intended to prohibit risk selection by insurers by transferring funds from plans with low-cost enrollees to plans with high-cost enrollees for the individual and small group market. Every year, CMS produces a report which details the payments that were made.

We have summarized the information below on a PMPM and a total basis, for the companies which met the market share threshold discussed earlier in the report.

ICMM Risk Adjustment⁴⁶	2015	2016	2017	2018	2019
<i>Total Dollar (\$) Amounts</i>					
Medica Ins Co.		-\$59,529	\$1,677,488	\$0	\$239,875
Wellmark Health Plan of Iowa, Inc.	-\$4,391,486	-\$5,781,185	\$799,925	\$0	\$624,412
Wellmark, Inc.	\$16,573,829	\$18,333,353	\$10,322,659	\$0	\$0
Wellmark Value Health Plan Inc.			-\$431,036	\$0	-\$864,287
<i>Per Member Per Month (PMPM) Amounts</i>					
Medica Ins Co.			\$11	\$0	\$1
Wellmark Health Plan of Iowa, Inc.	-\$10	-\$61	\$9	\$0	\$11
Wellmark, Inc.	\$21	\$28	\$23	\$0	\$0
Wellmark Value Health Plan Inc.					-\$22

Because Medica Insurance Company was the only carrier in the Iowa individual ACA market in 2018, there were no risk transfer payments in 2018. However, Medica Insurance Company did receive \$754,232 from the Risk Adjustment High-Cost Risk Pool program which began in plan

⁴⁶ Golden Rule is not included in the table above as they only have grandfathered individual business, which is not subject to risk adjustment.



year 2018 and reimburses insurers for 60% of an enrollee’s incurred claims costs greater than \$1 million. In 2019, only Medica received a payment from the Risk Adjustment High-Cost Risk Pool program in the amount of \$722,188.

Small Group Risk Adj	2015	2016	2017	2018	2019
<i>Total Dollar (\$) Amounts</i>					
Medical Assoc. Health Plan, Inc.	\$370,974	\$197,923	\$237,746	\$380,332	\$71,639
United HealthCare Ins Co.	-\$608,398	-\$1,265,066	-\$1,173,005	-\$2,932,114	-\$5,804,215
United HealthCare Plan of the RV	\$855,195	\$697,193	\$414,994	-\$530,684	-\$1,823,531
Wellmark Health Plan of Iowa, Inc.	-\$1,170,300	-\$3,821,569	-\$874,644	-\$7,296,764	-\$8,897,356
Wellmark, Inc.	\$3,724,625	\$4,987,083	\$3,386,560	\$11,693,683	\$17,126,135
<i>Per Member Per Month (PMPM) Amounts</i>					
Medical Assoc. Health Plan, Inc.	\$13	\$8	\$10	\$16	\$3
United HealthCare Ins Co.	-\$5	-\$13	-\$11	-\$18	-\$27
United HealthCare Plan of the RV	\$6	\$6	\$4	-\$4	-\$15
Wellmark Health Plan of Iowa, Inc.	-\$5	-\$12	-\$3	-\$18	-\$19
Wellmark, Inc.	\$3	\$4	\$3	\$9	\$16

Wellmark received \$530,438 from the Risk Adjustment High-Cost Risk Pool in the small group market in 2019. No other carriers received a payment.

Incurred Claims PMPM

Information was requested from carriers of per-member-per-month (PMPM) health care costs by market segment. This is similar to the allowed claims PMPM presented earlier, but also considers the impact of cost sharing. Many factors affect the incurred PMPM costs such as wide variation on benefit design, which reduces comparability. That said, incurred PMPM costs do provide some insight into affordability of health insurance in Iowa, because higher incurred PMPM health care costs result in higher health insurance premiums.

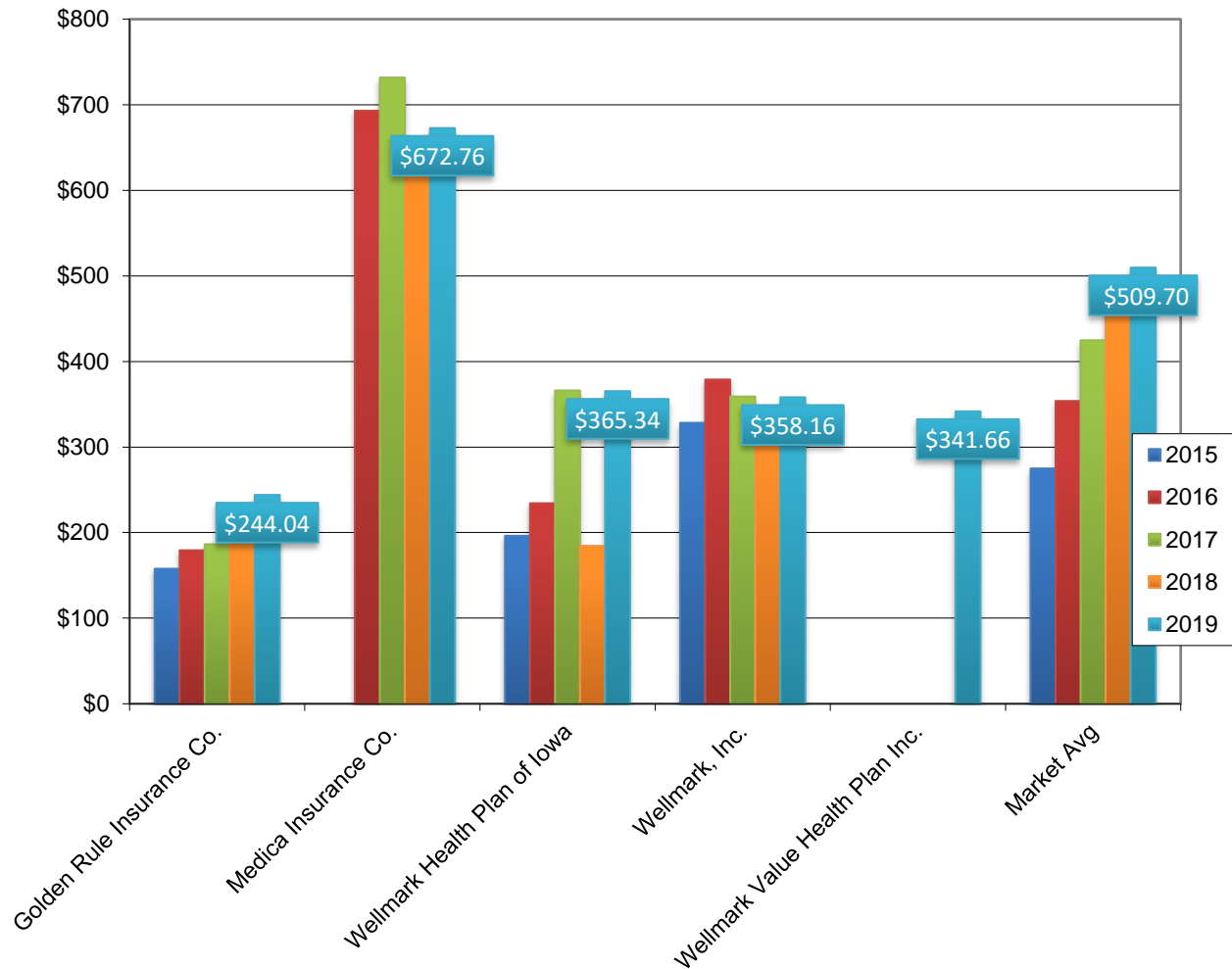
The individual market weighted average incurred PMPM claim cost went from \$274.99 in 2015 to \$509.70 in 2019 (Overall increase of 85% or 17% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average incurred PMPM claim costs from 2018 to 2019 was 6%.

The small group market weighted average incurred PMPM claim cost went from \$313.68 in 2015 to \$332.14 in 2019 (Overall increase of 6% or 1% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year change in average incurred PMPM claim costs from 2018 to 2019 was a 2% decrease.

The large group market weighted average incurred PMPM claim cost went from \$293.58 in 2015 to \$380.06 in 2019 (Overall increase of 29% or 7% annualized increase) for the companies included in the survey that continue to offer coverage. The 1-year increase in average incurred PMPM claim costs from 2018 to 2019 was 2%.

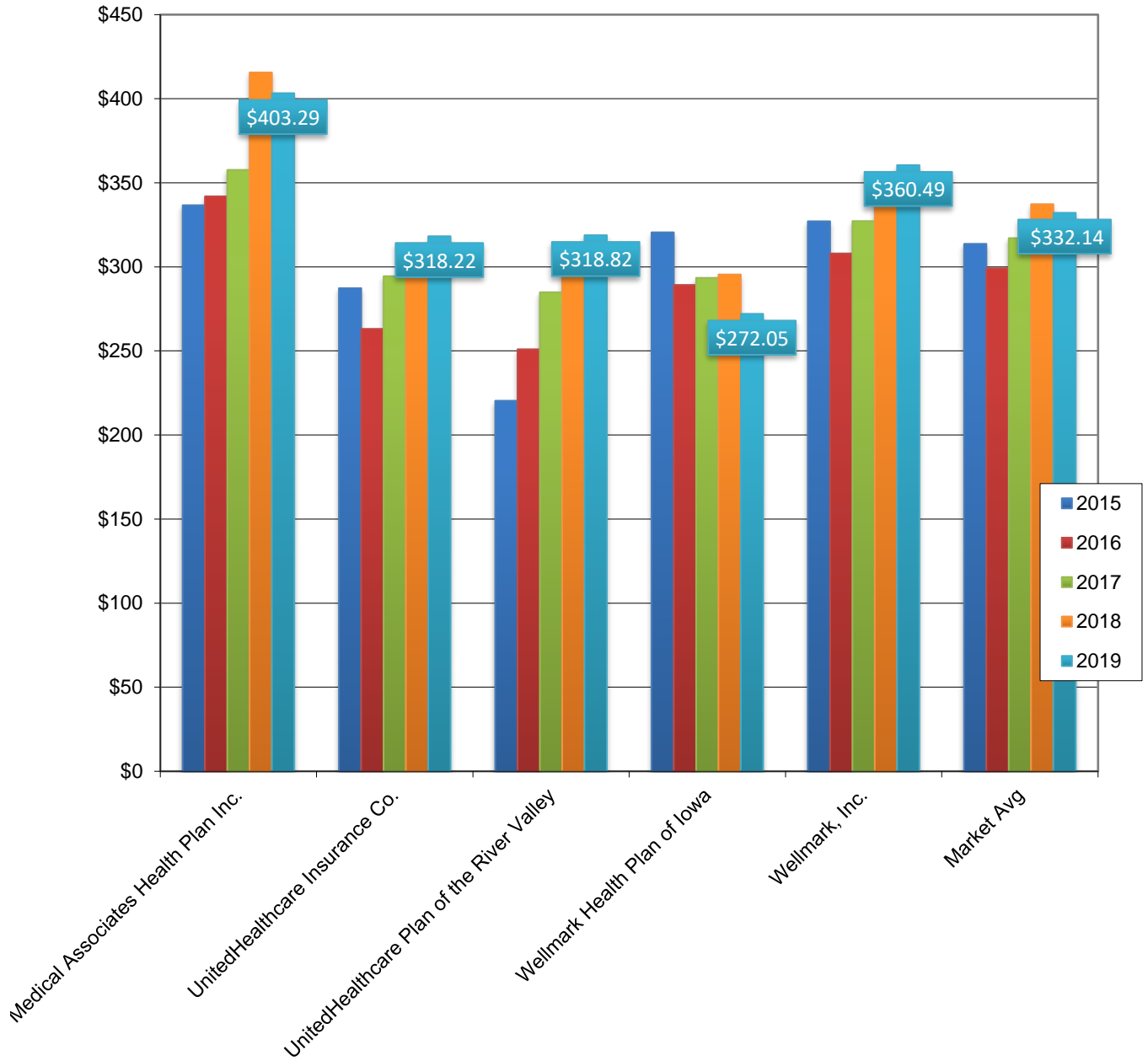
The charts below show the changes in incurred PMPM claims cost for the past 5 years. Note, only 2019 dollar values are shown for readability.

ICCM Incurred Claims PMPMs 2015-2019



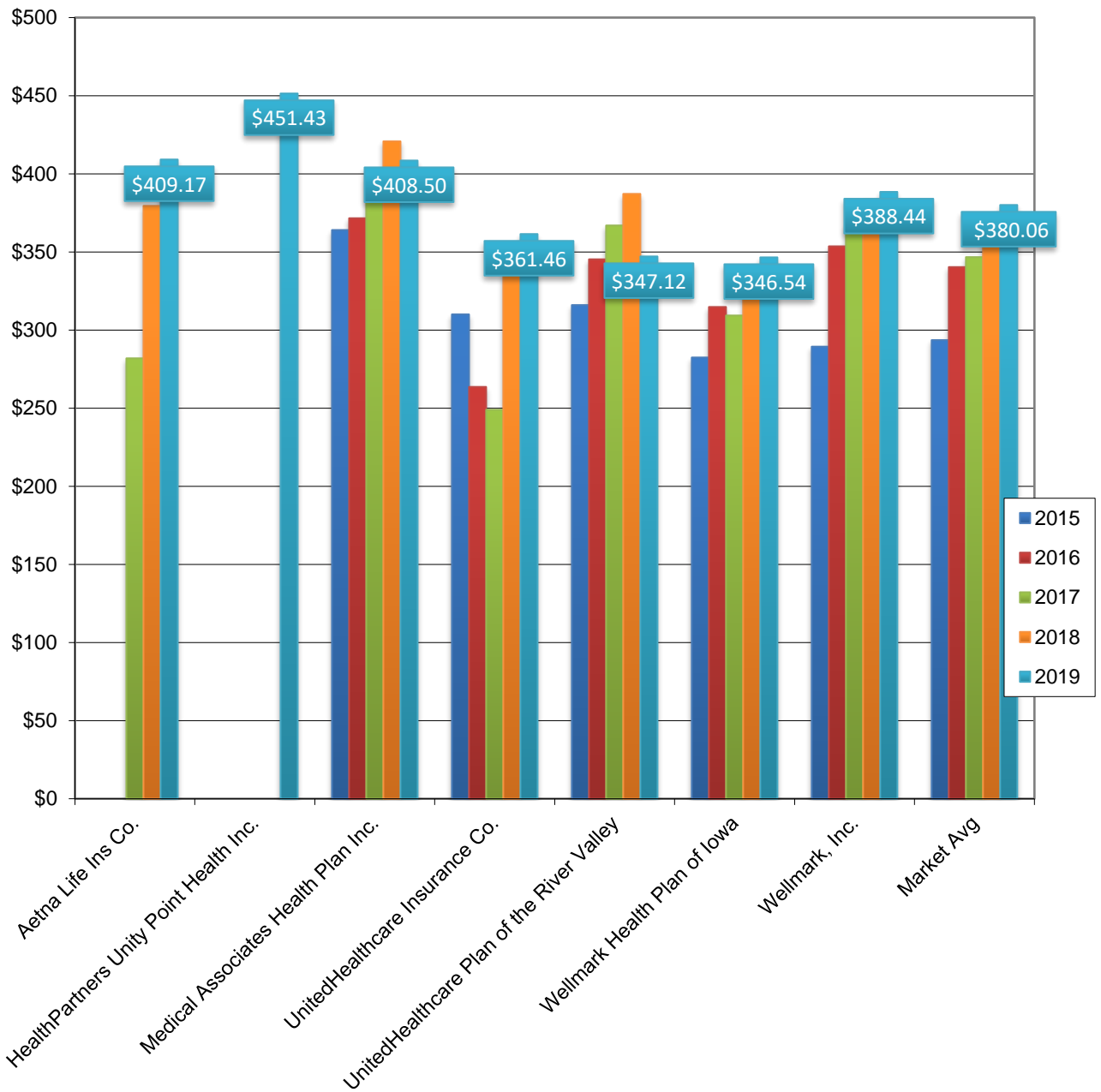


Small Group Incurred Claims PMPMs 2015-2019





Large Group Incurred Claims PMPMs 2015-2019





Reliance and Qualifications

I, Donna Novak FCA, ASA, MAAA, am the president and CEO of NovaRest Inc. I am a member of the American Academy of Actuaries and meet that body's Qualification Standards to render this report. We are providing this letter to the Iowa Insurance Division. Distribution of this letter to parties other than the Division by us or any other party does not constitute advice from or by us to those parties. This report should only be used in its entirety and not out of context. The reliance of parties other than the Division on any aspect of our work is not authorized by us and is done at their own risk. The actuarial methodologies utilized in order to arrive at our opinion were those which were considered generally accepted within the industry.

I have no conflict of interest in performing this review and providing this report. NovaRest's relationship with the Division is restricted to reviewing ACA rate filings and providing this report. NovaRest is completely independent of the Division and any of its officers and key personnel. Neither NovaRest nor anyone else closely associated with NovaRest has any relationship with them that would impair our independence, other than this assignment.

To arrive at our opinion, as presented above, we made use of information provided by each company as a data survey, NAIC financial statements, and public sources without independent investigation or verification. If this information was in any way inaccurate, incomplete, or out of date, the findings and conclusions in this report may require revision. While we have relied on the data without independent investigation or verification, we have reviewed the information for consistency and reasonableness. Where we found the data to be inconsistent or unreasonable, we have requested clarification.

Sincerely,

Donna Novak ASA, FCA, MAAA, MBA
President and CEO



Appendix A: Member Months⁴⁷

ICMM Member Months					
Company	2015	2016	2017	2018	2019
Golden Rule Insurance Co.	74,240	59,905	50,839	42,690	35,546
Medica Insurance Co.		15,036	153,293	491,042	457,787
Wellmark Health Plan of Iowa, Inc.	429,536	94,769	86,681	15,119	56,982
Wellmark, Inc.	797,469	665,040	454,616	388,122	332,545
Wellmark Value Health Plan Inc.					39,194

Small Group Member Months					
Company	2015	2016	2017	2018	2019
Medical Associates Health Plan, Inc.	27,782	24,406	22,698	24,271	22,683
UnitedHealthcare Insurance Co.	110,755	98,811	107,474	166,510	212,644
UnitedHealthcare Plan of the River Valley	150,528	125,488	115,020	121,146	120,009
Wellmark Health Plan of Iowa, Inc.	246,715	311,797	347,404	406,308	470,040
Wellmark, Inc.	1,090,463	1,321,494	1,323,325	1,240,235	1,100,446

Large Group Member Months					
Company	2015	2016	2017	2018	2019
Aetna Life Ins. Co.			22,888	64,493	62,843
HealthPartners Unity Point Health Inc.					126,896
Medical Associates Health Plan, Inc.	114,687	116,718	115,914	111,464	113,036
UnitedHealthcare Insurance Co.	295,241	355,275	407,630	304,466	314,839
UnitedHealthcare Plan of the River Valley	250,070	212,432	177,639	153,332	121,383
Wellmark Health Plan of Iowa, Inc.	500,539	464,967	533,076	563,518	624,817
Wellmark, Inc.	3,097,130	2,589,554	2,481,494	2,160,703	1,990,939

⁴⁷ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



Appendix B: Loss Ratios⁴⁸

ICMM Loss Ratios					
Company	2015	2016	2017	2018	2019
Golden Rule Insurance Co.	79.4%	84.0%	83.9%	69.9%	80.8%
Medica Insurance Co.		128.4%	112.8%	62.0%	73.9%
Wellmark Health Plan of Iowa, Inc.	93.0%	91.0%	74.0%	80.0%	66.0%
Wellmark, Inc.	100.0%	96.0%	83.0%	90.0%	85.0%
Wellmark Value Health Plan Inc.					56.0%

Small Group Loss Ratios					
Company	2015	2016	2017	2018	2019
Medical Associates Health Plan, Inc.	94.4%	88.4%	89.2%	91.0%	87.0%
UnitedHealthcare Insurance Co.	74.6%	70.3%	73.5%	74.9%	77.0%
UnitedHealthcare Plan of the River Valley	62.7%	69.3%	75.3%	75.0%	75.9%
Wellmark Health Plan of Iowa, Inc.	84.0%	84.0%	83.0%	71.0%	69.0%
Wellmark, Inc.	84.0%	84.0%	82.0%	80.0%	78.0%

Large Group Loss Ratios					
Company	2015	2016	2017	2018	2019
Aetna Life Ins. Co.			68.8%	92.2%	92.3%
HealthPartners Unity Point Health Inc.					103.2%
Medical Associates Health Plan, Inc.	91.2%	89.0%	91.3%	94.0%	90.0%
UnitedHealthcare Insurance Co.	85.3%	83.1%	78.2%	80.0%	81.6%
UnitedHealthcare Plan of the River Valley	78.0%	82.0%	84.7%	82.2%	79.8%
Wellmark Health Plan of Iowa, Inc.	81.0%	79.0%	75.0%	78.0%	79.0%
Wellmark, Inc.	89.0%	88.0%	89.0%	87.0%	85.0%

⁴⁸ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



Appendix C: Rate Increases⁴⁹

ICMM Rate Increases					
Company	2015	2016	2017	2018	2019
Golden Rule Insurance Co.	7.2%	5.1%	0.0%	22.0%	7.9%
Medica Insurance Co.			19.0%	56.7%	-7.7%
Wellmark Health Plan of Iowa, Inc.	6.4%	28.7%	38.8%	0.0%	0.0%
Wellmark, Inc.	7.0%	19.5%	13.4%	10.8%	8.3%
Wellmark Value Health Plan Inc.					0.0%

Small Group Rate Increases					
Company	2015	2016	2017	2018	2019
Medical Associates Health Plan, Inc.	2.5%	2.2%	3.7%	13.9%	1.4%
UnitedHealthcare Insurance Co.	2.8%	3.1%	5.9%	2.0%	0.8%
UnitedHealthcare Plan of the River Valley	6.0%	6.5%	1.9%	6.0%	3.9%
Wellmark Health Plan of Iowa, Inc.	1.5%	10.5%	9.7%	12.8%	-1.1%
Wellmark, Inc.	8.9%	9.2%	9.8%	10.3%	3.0%

Large Group Rate Increases					
Company	2015	2016	2017	2018	2019
Aetna Life Ins. Co.			-1.9%	0.5%	7.7%
HealthPartners Unity Point Health Inc.					8.7%
Medical Associates Health Plan, Inc.	2.4%	5.5%	4.4%	2.7%	1.3%
UnitedHealthcare Insurance Co.	-1.4%	3.9%	6.7%	6.0%	-2.4%
UnitedHealthcare Plan of the River Valley	10.5%	2.9%	1.8%	6.5%	-7.7%
Wellmark Health Plan of Iowa, Inc.	5.7%	7.7%	4.4%	10.5%	5.9%
Wellmark, Inc.	5.7%	7.7%	4.4%	10.5%	5.9%

⁴⁹ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



Appendix D: Ranking of Changes

Increases

Aetna Life Ins Co.		
1	Physician	\$1,210,169
2	Outpatient Hospital	\$391,920
3	Outpatient Hospital	\$353,708
4	Inpatient Hospital	\$323,990
5	Inpatient Hospital	\$315,451
6	Inpatient Hospital	\$313,936
7	Outpatient Hospital	\$254,630
8	Other	\$235,522
9	Other	\$218,450
10	Outpatient Hospital	\$192,954

Golden Rule Insurance Co. ⁵⁰		
1	Outpatient Hospital	\$50.68
2	Inpatient Hospital	\$13.52
3	Ambulance	\$3.42
4	Preventive	\$1.04
5	Prescription Drug	\$0.87
6	MH/CD	\$0.53
7	X-Ray	\$0.48
8	Skilled Nursing Facilities	\$0.32
9	Laboratory	\$0.28

⁵⁰ Golden Rule provided PMPM amounts instead of total.



HealthPartners Unity Point Health Inc.		
1	Physician	\$4,688,628
2	Outpatient Hospital	\$4,158,693
3	Prescription Drug	\$1,708,043
4	Deductible Leveraging	\$1,476,248
5	Diagnostic Imaging	\$1,183,546
6	Emergency Room	\$841,174
7	Other	\$407,389
8	X-ray	\$176,468
9	MHCD	\$70,817
10	Medical Technology	\$14,665

Medica Insurance Co.		
1	Deductible Leveraging	\$7,012,428
2	Population Change	\$6,999,098
3	PROF Office Admin Rx	\$5,430,000
4	Non-Specialty Brand Rx	\$4,753,000
5	Specialty Rx	\$3,275,000
6	OP Surgery	\$2,995,000
7	OP Radiology	\$2,797,000
8	OP Other	\$1,302,000
9	PROF OP Surgery	\$1,023,000
10	SNF	\$942,000

Medical Associates Health Plan Inc.		
1	Other - Outpatient Rx	\$2,850,101
2	Outpatient Hospital	\$1,036,748
3	Ambulance	\$194,037
4	Emergency Room	\$184,755
5	Preventive	\$105,308
6	MH/SA	\$90,926



United Healthcare Insurance Co.		
1	Med/Surg/ICU	\$7,051,316
2	Outpatient Surgery	\$5,013,164
3	Physician Visits	\$3,142,676
4	Rx - Facility Dispensed	\$1,374,699
5	Emergency Room	\$1,345,884
6	Maternity/Newborn	\$1,340,537
7	Radiology Diagnostic	\$1,185,930
8	Radiology Diagnostic Services	\$1,110,001
9	Physician Op Surgery	\$1,054,213
10	Office Surgery	\$897,831

United Healthcare Plan of the River Valley, Inc.		
1	Rx - Facility Dispensed	\$560,920
2	NICU/Extended Stay	\$255,747
3	Phy Administered Drugs - Chemo	\$238,447
4	Misc Outpatient	\$176,405
5	Transplants	\$152,534
6	Dialysis	\$111,060
7	Home Health	\$97,416
8	Observation	\$91,510
9	Rx - Pharmacy Dispensed	\$56,111
10	Maternity/Newborn	\$49,023



Wellmark Health Plan of Iowa		
1	Outpatient Hospital	\$11,490,275
2	MH/CD	\$7,437,283
3	Prescription Drug	\$6,300,871
4	Other	\$4,081,606
5	Physician	\$3,598,990
6	Inpatient Hospital	\$2,895,695
7	Emergency Room	\$1,635,904
8	Skilled Nursing Facilities	\$354,046
9	Ambulance	\$43,176

Wellmark, Inc.		
1	Outpatient Hospital	\$27,586,213
2	MH/CD	\$18,459,317
3	Prescription Drug	\$17,412,443
4	Physician	\$11,963,079
5	Other	\$11,113,338
6	Inpatient Hospital	\$6,400,610
7	Emergency Room	\$5,753,879
8	Diagnostic Imaging	\$3,358,363
9	Skilled Nursing Facilities	\$838,141

Wellmark Value Health Plan		
1	Outpatient Hospital	\$1,726,681
2	MH/CD	\$1,540,615
3	Diagnostic Imaging	\$622,132
4	Inpatient Hospital	\$505,446
5	Laboratory	\$366,243
6	Emergency Room	\$323,058
7	Ambulance	\$114,282
8	Skilled Nursing Facilities	\$2,557



Decreases

Aetna Life Ins Co.		
1	Other	-\$523,316
2	Other	-\$346,758
3	Other	-\$341,524
4	Inpatient Hospital	-\$218,637
5	Other	-\$115,114
6	Outpatient Hospital	-\$99,471
7	Outpatient Hospital	-\$88,570
8	Other	-\$80,386
9	Other	-\$71,882
10	Other	-\$64,144

Golden Rule Insurance Co. ⁵¹		
1	Other	-\$13.87
2	Emergency Room	-\$0.93
3	Physician	-\$0.46
4	Diagnostic Imaging	-\$0.27

Medica Insurance Co.		
1	IP Surgical	-\$3,483,000
2	Non-Specialty Generic Rx	-\$1,042,000
3	IP Medical	-\$807,000
4	IP Mental Health	-\$441,000
5	OP Pharmacy	-\$397,000
6	PROF IP Surgery	-\$128,000
7	IP Maternity	-\$46,000
8	PROF IP Visits	-\$28,000
9	PROF ADDL Benefits	-\$22,000

⁵¹ Golden Rule provided PMPM amounts instead of total.



HealthPartners Unity Point Health Inc.		
1	Population Change ⁵²	-\$12,400,480
2	Inpatient Hospital	-\$3,210,238
3	Benefit Changes	-\$1,459,829
4	Preventive	-\$1,194,338
5	Laboratory	-\$157,994
6	Ambulance	-\$103,723

Medical Associates Health Plan Inc		
1	Inpatient Hospital	-\$1,773,871
2	Benefit Changes	-\$685,489
3	Other Ambulatory S Center	-\$302,821
4	Prescription Drug	-\$217,507
5	Skilled Nursing	-\$140,738
6	Other - Dialysis	-\$86,416

United Healthcare Insurance Co.		
1	Skilled Nursing	-\$205,120
2	Transplants	-\$92,691
3	Rx - Pharmacy Dispensed	-\$86,885
4	Hospice	-\$25,181
5	Allergy Treatment	-\$12,292

United Healthcare Plan of the River Valley, Inc.		
1	Outpatient Surgery	-\$763,840
2	Med/Surg/ICU	-\$634,631
3	Emergency Room - Hospital Based	-\$411,196
4	Rehabilitation	-\$208,020
5	Radiology Therapy	-\$157,413
6	Skilled Nursing	-\$126,304
7	Lab & Path	-\$121,092
8	Radiology Diagnostic	-\$118,280
9	Phy Administered Drugs - non-Chemo	-\$90,297
10	Physician Visits	-\$69,531

⁵² Population change reflects the increase or decrease in costs due to changes in the underlying population being covered. For example, this may reflect changes in the age, area, or demographics in the underlying population, among other changes. We do not know specifically what is driving the population change for HealthPartners.



Wellmark Health Plan of Iowa		
1	Laboratory	-\$1,710,743
2	Diagnostic Imaging	-\$194,773

Wellmark, Inc.		
1	Laboratory	-\$1,847,389
2	Ambulance	-\$130,506

Wellmark Value Health Plan		
1	Prescription Drug	-\$796,230



Appendix E: Risk-Based Capital

Company	2015	2016	2017	2018	2019
Aetna Life Ins. Co.	565%	471%	408%	439%	359%
Golden Rule Ins Co.	522%	356%	415%	563%	539%
HealthPartners Unity Point Health Inc.	232000%	920400%	1774%	646%	304%
Medica Insurance Co.	548%	436%	597%	649%	1042%
Medical Associates Health Plan, Inc.	591%	715%	717%	693%	683%
UnitedHealthcare Insurance Co.	557%	480%	472%	536%	539%
UnitedHealthcare Plan of the River Valley	447%	423%	403%	232%	406%
Wellmark Health Plan of Iowa, Inc.	1034%	1234%	1348%	1183%	1081%
Wellmark Value Health Plan Inc.		62810%	759%	861%	1207%
Wellmark, Inc.	942%	936%	1036%	1018%	1119%



Appendix F: Medical Trends

Below are the medical trends from 2015 to 2019.

We have included the categories from the 2019 report for comparison purposes. Only the carriers providing data are included.

Aetna Life Ins Co.					
Service Category	2015*	2016*	2017	2018	2019
IP			-13%	15%	16%
OP			10%	2%	14%
PHY			-1%	3%	24%
Rx			3%	33%	14%
Other			35%	46%	-13%

* Aetna Life was not involved in earlier data requests.

Golden Rule Insurance Co.					
Service Category	2015*	2016*	2017	2018	2019
Unit Cost			4%	3%	3%
Utilization			3%	4%	3%
Leveraging			1%	2%	2%
Underwriting Wear-off			0%	0%	0%

* Trend in earlier years was determined to be non-credible by the company and information was not provided.

HealthPartners Unity Health Point Inc.	
Service Category	2019
Outpatient Surgery	12%
Professionally Administered Chemotherapy	23%
Professionally Administered IV/Injectables	11%
Medical Office Visits	5%
CT/MRI	17%

* HealthPartners Unity Health Point Inc. was not involved in earlier data requests.

Medical Associates Health Plan*					
Service Category	2015	2016	2017	2018	2019
Inpatient Facility		-15%	19%	17%	
Outpatient Facility		4%	6%	3%	5%
Pharmacy		6%	7%	8%	
Physician		3%	3%	2%	11%

*Trends for 2013-2015 were provided in a different format which was harder to compare year over year.



Medica Insurance Co.					
Service Category	2015*	2016*	2017*	2018	2019
IP Medical			20%		
IP Mental Health				34%	
IP Newborn			3%		30%
IP Surgical			26%		
OP Cardiovascular			46%		7%
OP Emergency Room					2%
OP Mental Health					4%
OP Other					25%
OP Pathology/Lab			16%		2%
OP Pharmacy			40%		
OP Preventive			5%		8%
OP Radiology			5%		24%
OP Surgery					9%
OP Therapy			16%		9%
Other Pharmacy					6%
PROF ADDL Benefits				27%	
PROF Ambulance			23%		14%
PROF DME					4%
PROF Cardiovascular			27%		7%
PROF Emergency Room			13%	7%	9%
PROF Home Health			30%		33%
PROF IP Visits			14%	4%	
PROF Maternity					5%
PROF Mental Health					13%
PROF Office Admin Rx			364%		51%
PROF Office Surgery			5%		6%
PROF Office Visits					6%
PROF OP Surgery					12%
PROF Other					7%
PROF Pathology/Lab				6%	3%
PROF Preventive					12%
PROF PT/OT/ST			12%		6%
PROF Radiology					8%
PROF Urgent Care				5%	12%
Non-Specialty Brand Rx				23%	20%
Non-Specialty Generic Rx				10%	
Specialty Rx					19%

* Medica does not have trend data in Iowa for earlier years.



UnitedHealthcare Insurance Co.					
Service Category	2015	2016	2017	2018	2019
Diagnostic Imaging Radiology Diagnostic					3%
Inpatient - 01 _ Diseases & Disorders of the Nervous System					
Inpatient - 04 _ Diseases & Disorders of the Respiratory System					
Inpatient - 15 _ Newborns & Other Neonates with Conditions Originating in Perinatal Per					
Inpatient - Maternity/Newborn	13%				10%
Inpatient - NICU/Extended Stay	17%	222%			
Inpatient - Rehabilitation			430%		
Inpatient - Transplants				46%	
Inpatient Hospital Med/Surg/Icu					10%
Outpatient - Ambulance	25%				
Outpatient - Dialysis	43%		47%		
Outpatient - DME		66%			
Outpatient - Emergency Room	13%	31%			
Outpatient - Freestanding Clinical Lab	28%				
Outpatient - Misc OP Facility					
Outpatient - Observation	14%				
Outpatient - Rx Facility Dispensed			25%	9%	11%
Outpatient - Surgery				11%	
Pharmacy - Hepatitis C					
Pharmacy - Hormones					
Physician - Administered Drugs - Chemo			27%	29%	
Physician - Administered Drugs - Non Chemo				28%	
Physician - Deliveries		47%			
Physician - ER Visits	32%				
Physician - Hematology and Oncology					
Physician - Immunizations	19%				
Physician - IP Visits	15%				
Physician - Office Surgery		20%			12%
Physician - Professional Drugs		102%			
Physician - Radiology Diagnostic			10%		
Physician - Therapeutic Radiology					
Physician - Visits			4%	4%	2%
Physician Physician Op Surgery					3%
Physician Radiology Diagnostic Services					3%



UnitedHealthcare Plan of the River Valley					
Service Category	2015	2016	2017	2018	2019
Dme; Supplies					10%
Home Health					40%
Inpatient - Maternity/Newborn			15%		
Inpatient - Med/Surg/ICU		8%			6%
Inpatient - NICU/Extended Stay				173%	
Inpatient - Observation				25%	
Inpatient - Transplants				249%	31%
Inpatient - Visits					
Outpatient - Ambulance	36%				49%
Outpatient - Emergency Room	16%				
Outpatient - Lab & Path - Facility Based		14%			8%
Outpatient - Misc				44%	
Outpatient - Outpatient Surgery		12%	7%		9%
Outpatient - Rx - Facility Dispensed	28%			73%	
Pharmacy - Non Spec	19%				
Pharmacy - Pharmacy Dispensed					
Pharmacy - Spec Pharma non-Chemo	39%	26%	118%		
Physician - Administered Drugs Chemo				114%	
Physician - Inpatient Surgery		16%			
Physician - Outpatient Surgery		14%			
Physician - Visits			11%	3%	
Radiation Therapy					16%
Radiology - Diagnostic			34%		7%
Radiology - Diagnostic			35%		
Radiology - Therapy	86%				
Rehabilitation					223%



Wellmark Health Plan of Iowa					
Service Category	2015	2016	2017	2018	2019
Acute Inpatient Facility	9%				
Drug	10%				
ER Services					13%
Facility - Ambulance		26%		12%	
Facility - Medical			30%	12%	20%
Facility - Mental Health/Chemical Dependency		20%	9%	12%	12%
Home Health			10%	49%	73%
Outpatient Facility	3%				
Physical & Occupational Therapy		17%	7%		
Practitioner	4%				
PT/OT					11%
SNF					37%
Speech Therapy		15%	11%	17%	

Wellmark, Inc.					
Service Category	2015	2016	2017	2018	2019
Acute Inpatient Facility	4%				
Drug	9%				
ER Services					12%
Facility - Speech Therapy		23%	17%	23%	
Home Health			15%	30%	39%
Home Medical Equipment		12%			
Medical					13%
Mental Health/Chemical Dependency Facility			10%		13%
Outpatient Facility	4%				
Practitioner	3%				
Practitioner - Ambulance		28%			
Practitioner - Mental Health/Chemical Dependency		13%	13%	15%	
Practitioner - Pharmaceutical			11%	16%	
Practitioner - Physical & Occupational Therapy		13%		13%	
SNF					28%



Wellmark Value Health Plan Inc.	
Service Category	2019
ER Services	13%
Home Health	73%
Medical	20%
MHCD	12%
PT/OT	11%
SNF	37%



Appendix G: Additional Data⁵³

I. ICMM, small group, and large group incurred PMPMs, 2015-2019.

ICMM Incurred PMPM Costs					
Company	2015	2016	2017	2018	2019
Golden Rule Insurance Co.	\$157.77	\$179.33	\$186.45	\$188.89	\$244.04
Medica Insurance Co.		\$693.00	\$731.86	\$619.17	\$672.76
Wellmark Health Plan of Iowa, Inc.	\$196.26	\$234.30	\$366.12	\$184.48	\$365.34
Wellmark, Inc.	\$328.31	\$378.92	\$359.05	\$344.38	\$358.16
Wellmark Value Health Plan Inc.					\$341.66

Small Group Incurred PMPM Costs					
Company	2015	2016	2017	2018	2019
Medical Associates Health Plan, Inc.	\$336.65	\$341.91	\$357.66	\$415.60	\$403.29
UnitedHealthcare Insurance Co.	\$287.32	\$263.12	\$294.44	\$313.98	\$318.22
UnitedHealthcare Plan of the RV	\$220.37	\$250.98	\$284.88	\$303.14	\$318.82
Wellmark Health Plan of Iowa, Inc.	\$320.53	\$289.25	\$293.43	\$295.46	\$272.05
Wellmark, Inc.	\$327.11	\$307.97	\$327.22	\$355.90	\$360.49

Large Group Incurred PMPM Costs					
Company	2015	2016	2017	2018	2019
Aetna Life Ins. Co.			\$281.93	\$379.49	\$409.17
HealthPartners Unity Point Health Inc.					\$451.43
Medical Associates Health Plan, Inc.	\$364.04	\$371.58	\$398.21	\$420.78	\$408.50
UnitedHealthcare Insurance Co.	\$310.04	\$263.62	\$248.99	\$336.88	\$361.46
UnitedHealthcare Plan of the RV	\$316.02	\$345.30	\$366.95	\$387.16	\$347.12
Wellmark Health Plan of Iowa, Inc.	\$282.46	\$314.79	\$309.32	\$340.18	\$346.54
Wellmark, Inc.	\$289.39	\$353.61	\$367.53	\$383.87	\$388.44

⁵³ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



II. ICMM, small group, and large group allowed PMPMs, 2015-2019.⁵⁴

ICMM Allowed PMPM Costs					
Company	2015	2016	2017	2018	2019
Golden Rule Insurance Co.	\$231.73	\$255.48	\$267.35	\$273.96	\$333.65
Medica Insurance Co.		\$813.00	\$847.06	\$736.42	\$708.52
Wellmark Health Plan of Iowa	\$218.90	\$326.31	\$486.36	\$267.76	\$466.66
Wellmark, Inc.	\$409.66	\$465.20	\$447.63	\$427.88	\$444.30
Wellmark Value Health Plan Inc.					\$435.65

Small Group Allowed PMPM Costs					
Company	2015	2016	2017	2018	2019
Medical Associates Health Plan Inc.	\$396.68	\$387.97	\$407.18	\$461.92	\$461.55
UnitedHealthcare Insurance Co.	\$345.85	\$322.80	\$350.38	\$386.20	\$391.41
UnitedHealthcare Plan of the River Valley	\$290.17	\$321.65	\$342.05	\$351.48	\$382.08
Wellmark Health Plan of Iowa	\$382.02	\$366.06	\$371.90	\$382.23	\$362.04
Wellmark, Inc.	\$407.19	\$390.24	\$414.90	\$453.23	\$464.78

Large Group Allowed PMPM Costs					
Company	2015	2016	2017	2018	2019
Aetna Life Ins Co.			\$364.11	\$478.76	\$511.58
HealthPartners Unity Point Health Inc.					\$528.47
Medical Associates Health Plan Inc.	\$411.98	\$412.72	\$439.64	\$463.85	\$463.94
UnitedHealthcare Insurance Co.	\$384.04	\$323.09	\$301.28	\$424.47	\$444.60
UnitedHealthcare Plan of the River Valley	\$381.85	\$421.81	\$433.93	\$480.93	\$433.35
Wellmark Health Plan of Iowa	\$354.59	\$380.10	\$380.65	\$418.13	\$434.56
Wellmark, Inc.	\$367.78	\$437.35	\$455.54	\$476.85	\$472.44

⁵⁴ The insurers were not surveyed for allowed claims data prior to 2015. Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



III. ICMM, small group, and large group total earned premiums, 2015-2019.⁵⁵

ICMM Total Premiums					
Company	2015	2016	2017	2018	2019
Golden Rule Insurance Co.	\$14,744,341	\$12,786,659	\$11,298,635	\$11,530,356	\$10,738,853
Medica Insurance Co.		\$8,117,768	\$99,482,781	\$490,748,432	\$416,881,147
Wellmark Health Plan of Iowa	\$90,740,551	\$24,288,808	\$42,985,627	\$3,477,347	\$31,524,691
Wellmark, Inc.	\$263,088,099	\$261,632,681	\$195,489,024	\$147,769,344	\$139,989,456
Wellmark Value Health Plan Inc.					\$23,843,116

Small Group Total Earned Premiums					
Company	2015	2016	2017	2018	2019
Medical Associates Health Plan Inc.	\$9,903,990	\$9,440,013	\$9,102,791	\$11,089,343	\$10,513,038
UnitedHealthcare Insurance Co.	\$42,654,925	\$36,985,310	\$43,073,407	\$69,840,283	\$87,894,143
UnitedHealthcare Plan of the River Valley	\$52,885,122	\$45,435,771	\$43,531,076	\$48,980,509	\$50,403,632
Wellmark Health Plan of Iowa	\$94,020,950	\$106,932,252	\$122,229,006	\$169,405,213	\$184,772,269
Wellmark, Inc.	\$424,750,524	\$483,383,919	\$529,873,520	\$552,461,532	\$510,106,104

Large Group Total Premiums					
Company	2015	2016	2017	2018	2019
Aetna Life Ins Co.			\$9,374,391	\$26,557,520	\$27,864,044
HealthPartners Unity Point Health Inc.					\$55,524,320
Medical Associates Health Plan Inc.	\$45,801,136	\$48,731,296	\$50,531,135	\$49,920,535	\$51,304,798
UnitedHealthcare Insurance Co.	\$107,284,144	\$112,708,217	\$129,712,930	\$128,197,419	\$139,509,313
UnitedHealthcare Plan of the River Valley	\$101,307,617	\$89,467,139	\$76,953,712	\$72,231,881	\$52,784,501
Wellmark Health Plan of Iowa	\$173,895,961	\$184,750,094	\$218,794,133	\$247,050,430	\$274,253,594
Wellmark, Inc.	\$1,011,134,917	\$1,044,385,139	\$1,026,083,995	\$956,886,987	\$910,440,105

⁵⁵ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



IV. Commissions as a percentage of premium, 2015-2019⁵⁶

Commission as % of Premium					
Company	2015	2016	2017	2018	2019
Aetna Life Ins Co.			2.6%	2.2%	2.7%
Golden Rule Insurance Co.	2.3%	1.8%	1.5%	1.1%	0.8%
Medica Insurance Co.		1.4%	2.1%	0.5%	0.9%
Medical Associates Health Plan Inc.	1.0%	1.1%	1.1%	1.1%	1.4%
HealthPartners Unity Point Health Inc.					2.2%
UnitedHealthcare Insurance Co.	3.0%	1.9%	1.4%	3.6%	4.2%
Wellmark Value Health Plan Inc.					2.0%
UnitedHealthcare Plan of the River Valley	2.0%	2.1%	1.8%	2.4%	3.1%
Wellmark Health Plan of Iowa	3.0%	4.0%	3.0%	3.0%	3.0%
Wellmark, Inc.	4.0%	3.0%	3.0%	2.0%	2.0%

V. Other Non-Benefit Expenses as a percentage of premium, 2015-2019⁵⁷

Other Non-Benefit Expenses as % of Premium					
Company	2015	2016	2017	2018	2019
Aetna Life Ins Co.			5.9%	-0.7%	-4.6%
Golden Rule Insurance Co.	14.5%	19.6%	10.3%	14.8%	15.1%
HealthPartners Unity Point Health Inc.					7.4%
Medica Insurance Co.		14.2%	11.3%	15.0%	10.8%
Medical Associates Health Plan Inc.	10.4%	10.0%	8.1%	9.4%	10.4%
UnitedHealthcare Insurance Co.	18.6%	21.9%	19.6%	20.9%	21.3%
UnitedHealthcare Plan of the River Valley	12.3%	10.5%	9.3%	10.7%	9.6%
Wellmark Health Plan of Iowa	11.0%	11.0%	8.0%	9.0%	8.0%
Wellmark Value Health Plan Inc.					11.0%
Wellmark, Inc.	11.0%	11.0%	8.0%	10.0%	8.0%

⁵⁶ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.

⁵⁷ Aetna Life Insurance Company was not involved in data calls prior to 2018. Medica entered the market in 2016. HealthPartners Unity Point Health Inc. and Wellmark Value Health Plan were first included in the data call in 2019.



VI. Additional Cost Factors Beyond Claims (as a percentage of premium)

Aetna Life Ins Co.			
Factor	2017	2018	2019
Administrative	5.9%	-0.7%	2.2%
Commissions	2.6%	2.2%	2.7%
Profit	10.8%	0.0%	-6.7%

Golden Rule Insurance Company					
Factor	2015	2016	2017	2018	2019
ACA Fees	3.9%	3.1%	0.1%	2.2%	0.1%
Administrative	10.4%	16.4%	10.0%	11.9%	14.2%
Commissions	2.3%	1.8%	1.5%	1.1%	0.8%
Quality Improvement	0.2%	0.2%	0.2%	0.8%	0.8%

HealthPartners Unity Point Health Inc.	
Factor	2019
Broker Commissions	2.2%
Marketing	0.2%
Network Access Fees	0.5%
Audit Fees	0.2%
Other Administrative	6.5%

Medica Insurance Company				
Factor	2016	2017	2018	2019
Administrative	6.5%	5.6%	6.3%	4.7%
Commissions	1.4%	2.1%	0.5%	0.9%
HCQI	0.2%	0.4%	0.9%	0.1%
Taxes	7.5%	5.3%	7.9%	6.0%



Medical Associates Health Plan, Inc.					
Factor	2015	2016	2017	2018	2019
Administrative	8.3%	8.5%	8.1%	9.4%	10.4%
ACA Fees	2.1%	1.4%			
Commissions	1.0%	1.1%	1.1%	1.1%	1.4%

United Healthcare Insurance Co.					
Factor	2015	2016	2017	2018	2019
Administrative	18.6%	21.9%	19.6%	20.9%	4.2%
Commissions	3.0%	1.9%	1.4%	3.6%	21.3%

United Healthcare Plan of the River Valley, Inc.					
Factor	2015	2016	2017	2018	2019
Administrative	12.3%	10.5%	9.3%	10.7%	9.6%
Commissions	2.0%	2.1%	1.8%	2.4%	3.1%

Wellmark Health Plan of Iowa, Inc.					
Factor	2015	2016	2017	2018	2019
Administrative	11.0%	11.0%	8.0%	9.0%	8.0%
ACA Fees	3.0%	4.0%	3.0%	3.0%	3.0%

Wellmark Inc.					
Factor	2015	2016	2017	2018	2019
Administrative	11.0%	11.0%	8.0%	10.0%	8.0%
Commissions	4.0%	3.0%	3.0%	2.0%	2.0%

Wellmark Value Health Plan Inc.	
Factor	2019
Commissions	2.0%
Administrative	11.0%



Appendix H: Health Care Cost Category Standardization

Original Service	Standard Name	Original Service	Standard Name
Ambulance	Ambulance	Radiology Therapy	Radiology
Benefit Changes	Benefit Changes	Rehabilitation	MH/CD
Deductible Leveraging	Deductible Leveraging	Rx - Facility Dispensed	Prescription Drug
Diagnostic Imaging	Diagnostic Imaging & Tests	Rx - Pharmacy Dispensed	Prescription Drug
Dialysis	Outpatient Hospital	Skilled Nursing	Skilled Nursing Facilities
Emergency Room	Emergency Room	Skilled Nursing Facilities	Skilled Nursing Facilities
Emergency Room - Hospital Based	Emergency Room	SNF	Skilled Nursing Facilities
Freestanding Clinical Lab	Laboratory and X-ray	Transplants	Inpatient Hospital
HCPCS - Non Spec Pharma	Prescription Drug	Venipuncture	Outpatient Hospital
Home Health	Outpatient Hospital	X-Ray	Laboratory and X-ray
Hospice	Other		
Immunizations	Preventive		
Inpatient Hospital	Inpatient Hospital		
IP Medical	Inpatient Hospital		
IP Mental Health	MH/CD		
IP Surgical	Surgery		
Lab & Path	Laboratory and X-ray		
Lab & Path Services	Laboratory and X-ray		
Laboratory	Laboratory and X-ray		
Maternity/Newborn	Inpatient Hospital		
Med/Surg/ICU	Inpatient Hospital		
MH/CD	MH/CD		
Misc Outpatient	Outpatient Hospital		
NICU/Extended Stay	Inpatient Hospital		
Non-Specialty Brand Rx	Prescription Drug		
Non-Specialty Generic Rx	Prescription Drug		
Observation	Outpatient Hospital		
OP Emergency Room	Emergency Room		
OP Pathology/Lab	Laboratory and X-ray		
OP Radiology	Diagnostic Imaging		
OP Surgery	Outpatient Hospital		
Other	Other		
Other - Dialysis	Outpatient Hospital		
Other - Outpatient Rx	Prescription Drug		
Other Pharmacy	Prescription Drug		
Outpatient Hospital	Outpatient Hospital		
Phy Administered Drugs - Chemo	Physician		
Phy Administered Drugs - non-Chemo	Physician		
Physician	Physician		
Physician Visits	Physician		
Population Change	Population change		
Prescription Drug	Prescription Drug		
Preventive	Preventive		
PROF ADDL Benefits	Physician		
PROF Emergency Room	Emergency Room		
PROF IP Visits	Physician		
PROF Office Admin Rx	Physician		
PROF Pathology/Lab	Laboratory and X-ray		
PROF Urgent Care	Physician		
Pulmonary	Other		
Radiology Diagnostic	Radiology		



Appendix I: Data Request



STATE OF IOWA

KIM REYNOLDS
GOVERNOR

DOUG OMMEN
COMMISSIONER OF INSURANCE

ADAM GREGG
LT. GOVERNOR

September 10, 2020

RE: MANDATORY DATA CALL ON HEALTH CARE COSTS

Dear Carrier,

Iowa Code section 505.18 requires a report to the Governor and the Iowa General Assembly on the “findings regarding health spending costs for health insurance plans in the state” (Health Care Costs Report) annually. Some of the necessary information required under [Iowa Code section 505.18](#) is not available on file with the Iowa Insurance Division and additional information from the carriers is needed. In order to comply with the statutory requirements of the Health Care Costs Report, please provide answers to the following requests regarding your company’s major medical health insurance business only.

- 1) Please provide incurred claims, earned premiums, and loss ratio history for 2019 separated by individual comprehensive major medical (ICMM), small group (2-50 employees), and large group insurance.
- 2) Please provide rate increase history for 2019 separated by individual comprehensive major medical (ICMM), small group (2-50 employees), and large group insurance.
- 3) Iowa Code section 505.18(2)(d) requires a “ranking and quantification of those factors that result in higher costs and those factors that result in lower costs for each health insurance carrier in the state”.
 - a) **Using the uniform terminology provided on the answer sheet** please group and rank, by descending dollar amount, the top ten factors that have *increased* your company’s healthcare costs in 2019. Results should include all health insurance plans offered in Iowa for the combined effect on your company in Iowa’s market.
 - b) Using the uniform terminology provided please group and rank, by descending dollar amount, the top ten factors that have *decreased* (reduced) healthcare costs in 2019. Results should include all health insurance plans offered in Iowa for the combined effect on your company in Iowa’s market.
- 4) Please provide the incurred and allowed PMPM (per member per month) claim costs for 2019 for ICMM, small group, and large group blocks of business.
- 5) Iowa Code section 505.18(2)(f) requires a ‘listing of any apparent medical trends affecting health insurance costs in the state’. Please provide the trends, known by your company, that have caused healthcare costs to increase, for your company, at a rate higher than the general inflation rate for 2019.

1963 BELL AVENUE / SUITE 100 / DES MOINES, IOWA 50315
Telephone 515-654-8600 / Facsimile 515-654-6500 / <https://iid.iowa.gov>



This could include any identified factors (i.e. certain drugs costs increasing, certain medical procedures which are occurring more frequently). Please provide supporting documentation (as necessary to verify the trend) demonstrating the trend in a separate attachment.

- 6) Please provide costs over and above claims for 2019. Items such as agent commissions, administrative expenses (include a list of elements included in this category), and any other non-claims related factor that is included in the premium costs should be provided. Please provide the percent of premium each item represents.

Please review and follow the accompanying answer sheet as the answer format guide. **All answers should be provided in Microsoft Excel format electronically (by flash drive or email). Please note that PDF files or any other format other than Microsoft Excel will not be accepted.** The mandatory data call is being issued to insurers that represent an extensive amount of premiums earned and lives covered in the large group, small group or individual health insurance market in Iowa for 2019. This data call is issued under the Commissioner's powers in Iowa Code section 505.8(11)(a). **All data call responses must be delivered on or before October 5, 2020 to sonya.sellmeyer@iid.iowa.gov or at our new address 1963 Bell Avenue, Suite 100, Des Moines, Iowa 50315.** Please contact me should you have any questions or concerns at my new phone number 515-654-6538.

Thank you in advance for your response.

Sincerely,

Sonya M. Sellmeyer
Consumer Advocate
Iowa Insurance Division
Office: (515) 654-6538
sonya.sellmeyer@iid.iowa.gov