

August 18, 2016

Health Premium Rate Review Program
Illinois Department of Insurance
122 S. Michigan Avenue, 19th Floor
Chicago, Illinois 60603

SENT VIA EMAIL: DOI.HealthRateReview@illinois.gov

To Whom It May Concern:

Thank you for the opportunity to comment on the 2017 proposed Illinois Individual Marketplace ACA-Compliant rates, as posted on August 1st at <https://ratereview.healthcare.gov>. When reviewing proposed insurance rates, we acknowledge that the Department of Insurance (DOI) plays a critical role in weighing the needs of the Illinois consumers with those of insurance carriers who seek to do business in the state and provide healthcare security to Illinois residents. We appreciate the opportunity to work with you on making the health insurance marketplace work for both the currently insured and uninsured residents in Illinois who may be unable to afford insurance in the marketplace. The undersigned social service, health care and navigator organizations have helped to enroll tens of thousands of Illinois consumers into plans in the Illinois Marketplace since October 2013. It is with this experience and understanding of the Affordable Care Act (ACA) that we respectfully submit our comments below.

Rate Review Process in Illinois

We are appreciative of the information posted on the DOI website about the rate review process in Illinois here: <http://insurance.illinois.gov/hirc/premium-rate.asp>. However, we think there is room for improvement in future years so that consumers have the ability to participate in the process in a more meaningful way. Below is a list of recommendations that we believe are reasonable and commensurate with other states to allow for more meaningful consumer/stakeholder participation:

- **Post rate review timeline on the Illinois rate review website.** Rate review is most effective if states provide early and transparent information about proposed rate changes to consumers which will allow more consumer participation. Currently, the Illinois rate review timeline is not available on the DOI website making it difficult for consumers to participate in the process as they are not aware of the timing of the decision-making process. If the timeline was shared with the public, consumers could provide comments to the state in a timely manner.
- **Update rate filings every year and disseminate rate filings publicly in a consumer-friendly manner.** The 2016 (current) Illinois rate filings are not listed on the DOI rate review website, <http://insurance.illinois.gov/hirc/rate-filings.asp>, though they are located on a different webpage [here](#). The information that is available for past years on the rate review website is not presented in a consumer-friendly manner, making it difficult for consumers to engage in this process. For example, there is no side-by-side comparison of rate filings in the individual market (either historical trends within each company or comparing filings between companies). In addition, the interface on the portal here (<http://insurance.illinois.gov/applications/RegEntPortal/>) is difficult to navigate and doesn't seem to disaggregate important information. Oregon is an example of a

very consumer-friendly rate review website which Illinois could use as a model:

<http://dfr.oregon.gov/public-resources/healthrates/pages/index.aspx>

- **Make rates public as soon as possible after they are proposed to the Department.** Carriers are required to submit rates to DOI in April; however, consumers and other stakeholders have not had an opportunity to view the rates until August 1st (as mandated by the ACA). In addition, the state's proposed rates are due to CMS for federal review on August 23rd. The public, therefore, has 17 business days to respond to proposed rates. This is not enough time for thorough review or analysis (or hearings – see below), especially if other parties want to engage independent actuarial services to inform their comments.
- **Hold hearings on the proposed rates.** In addition to making the proposed rate information public before August 1st, DOI should hold hearings on proposed rate filings to allow for public examination of an insurer's rate calculation and also to understand DOI's evaluation of the plans. Currently, given the lack of transparency and inadequate time for comment, without public hearings, there are few meaningful avenues for consumer involvement. In comparison, other states allow public hearings in order to hear consumer opinions:
<http://consumersunion.org/ratereviewresources/ExhibitB-StateListRateHearings.pdf>
- **Make the Entire Actuarial Memoranda Available.** One of the fundamental documents in rate filing is the Actuarial Memorandum. While we appreciate that these memoranda are made available on the HealthCare.gov [rate review website](#), much of the critical information contained in the memoranda is redacted. For example, Blue Cross Blue Shield's memorandum, which proposes some of the highest rate increases in Illinois, is heavily redacted and the majority of important items are blacked out. See [here](#). Consequently, *consumers are at great disadvantage in understanding and commenting on the rates without an independent review of these documents*. In order to comment on proposed rates and assess their reasonableness, the public must have the information on which the increases are based -- in particular, consumers should have access to both the underlying hard data and the assumptions, estimates, and projections the actuary uses to produce the proposed rates.

Illinois Marketplace Status and Consumer Experience

In each of the past three open enrollment periods, Illinois has had a very competitive marketplace with an array of choices. According to [a DOI report](#), last year Illinois had 5 issuers, on average, offering 43 Qualified Health Plans (QHPs), on average, in each county. In addition, last year, rate changes from 2015 in the majority of counties for lowest silver plan were in the 5% to 10% range. Rate changes in the majority of counties for second lowest silver plan were in the 15% to 20% range; rate change in the lowest bronze for the majority of counties were in the 15% to 20% range.

Despite several issuers offering a total of 480 plans in the individual market, Illinois consumers are expected to pay more than consumers in other states who use HealthCare.gov. According to this [March 2016 ASPE report](#), the average monthly premium (after tax credit) in Illinois was \$152; while the US average premium for plans participating in HealthCare.gov was \$106. Also, on average, 68% of consumers in the US could have selected a plan of \$75 or less. In Illinois, 53% of consumers could have selected a plan of \$75 or less (after APTC). On average, 74% of marketplace consumers could have selected a plan of \$100 or less (after APTC). In Illinois, only 61% could have selected a plan of this value.

In addition, our experience working with consumers to choose and enroll in Marketplace plans suggests that they are still struggling to pay their premiums – even with the tax credits. The stories below from three Marketplace consumers in Illinois are examples of some of the hardships experienced by Illinois consumers:

Maria is a 38 year old mother from Chicago, IL. She was healthy when she first enrolled in her Blue Cross Blue Shield plan in 2013. Back in 2013, her insurance premium for herself and her son was \$58. She was diagnosed with breast and cervical cancer three months later and is still undergoing treatment. Her premium has risen year after year and in order to keep continuity of care, she has had to keep the same plan. Her premium for her alone is now \$168 per month. The rate increases were so difficult that her son had to get a second job to help her pay her premiums and can no longer file with his mother. She is terrified of the upcoming increase because her son just got laid off from one job.

Javier is a 56 year old male in Chicago. He has been enrolled in the Marketplace since 2013 but has been with three different carriers in all of that time because the lowest cost plan has changed year after year; he moved from Blue Cross to Land of Lincoln to Ambetter. He has had problems maintaining a PCP because they don't take the new plans he transitions to.

Janet is a 43 year old in Chicago. She was enrolled in Blue Cross Blue Shield in 2013 and only paid \$92 per month. With the rate increases, she has opted to be uninsured since she can no longer afford her coverage with BCBSIL and would rather pay the penalty. She has not gone to her doctor since 2015 and has a family history of cervical cancer she is wary of getting checked out unless "she really, really gets a feeling something is wrong."

According to an [April 2016](#) Kaiser Family Foundation report, these Illinois consumers are not alone: one-third of those with Marketplace coverage (throughout the US) reported difficulty paying their premium. In addition, six in ten adults who said they had difficulty affording their premium had incomes below 250% of the poverty level and three in ten were under age 35. Consumers need help from Illinois regulators to hold insurance costs down so that they can continue to participate in the Marketplaces rather than choosing to sit out and pay the penalty instead.

Comments on Blue Cross, Largest Insurer with Largest Proposed Rate Increase

Blue Cross Blue Shield of Illinois has the largest market share in Illinois. According to its 2017 [rate increase justification document](#), its proposed rate increase of 44.63% (ranging from -31.5% - 100.43%) is expected to impact 354,747 members. This accounts for 91% of the 388,179 consumers on the Illinois Marketplace.

As noted above, much of the BCBS proposed rate information is heavily redacted so there is no public easy access to complete information in order to review the rates. Therefore, our comments are limited to what information is publicly available.

- BCBS reports that its 2015 experience shows that earned premiums were less than claims incurred (\$1.7 billion compared to \$2.2 billion). In addition, they report that “The main driver of the increase in the proposed rates is that the actual claims experience of the members in these

Individual ACA metallic policies is significantly higher than expected. After application of the ACA federal risk mitigation provisions, the total BCBSIL ACA block of business experienced a loss of 33% of premium in 2015.” However, the memo does not include its experience with premium and rates for the first quarter of 2016. The absence of this information is notable since in 2016, BCBS removed its broad PPO from the individual market with the purpose of bringing costs down (See BCBS announcement [here](#)). Since BCBS was presumably able to lower its claims by dropping their broad PPO plan, wouldn’t their claims experience for 2016 impact 2017 rates? **Before approving these rate increases, we respectfully request that DOI inquire as to the status of BCBS 2016 claims data and how it compares to 2015 data.** According to a [recent BCBS financial statement on its website](#), the company states: “We expect HCSC's full-year 2016 operating results to be about breakeven.”

- We also note that the claims data and BCBS experience (as well as other issuers’ experience) predates important measures that CMS has taken over the past six months to further strengthen the Marketplace risk pool, including: implementing new processes to prevent misuse of Special Enrollment Periods, reducing the number of consumers losing coverage or financial assistance due to data-matching issues, helping consumers who turn 65 move from the Marketplace onto Medicare, and proposing to curb abuses of short-term plans that are keeping some of the healthiest customers out of the ACA risk pool. **We request that DOI consider these measures when evaluating these rate increases.**
- In the [redacted actuarial memo](#) (page 3), BCBS gives a list of the factors that justify the rate increase. Again much of the information is completely redacted, making it difficult to evaluate. However, it does make reference in section 4.4.6 on the Paid to Allowed Ratio (Page 8) stating “We have made an adjustment to our project paid claims for the members expected to enroll in a cost sharing reduction (CSR) variant plan to account for the uncertainty regarding continued federal reimbursement for these subsidies.” We believe BCBS is referring to House V. Burwell, the House of Representatives case challenging reimbursement to insurers for CSRs. While the District Court ruled against the administration on May 2016, this case is being appealed and we may not have a final decision before 2018. **Insurers should not take this decision into account in setting 2017 rates.**
- In addition, in the BCBS memo on page 12, it lists “Taxes and Fees” experienced by the insurer (which are included in the per member, per month (PMPM) calculus). Since the dollar figures in this section are completely redacted, it’s impossible to know which fees they are referring to. However, it’s important to note that the Congress decided in early 2016 to [suspend health insurer’s fees for 2017](#) and therefore, **this amount should be removed from the calculation if it was included.**

In summary, in order to fully understand BCBS’s or any other company’s proposed rates, we would need to have access to the data in the actuarial memos that include the company’s revenues (including premium and investment gain, plus other revenues) and costs (medical claims, expenses and profit). We can see very few aspects of this equation, so our analysis is incomplete. Instead, we must rely on other sources for comparison. On June 30, 2016, CMS released an [analysis](#) of the Marketplace risk pools stating that the individual market “evolved as would have expected in 2015 with moderate but real progress toward a broader risk pool” and that “Per-enrollee costs in the ACA individual market were

essentially unchanged between 2014 and 2015. Specifically, after making comparability adjustments described below, per-member-per month (PMPM) paid claims in the ACA individual market fell by 0.1 percent from 2014 to 2015.” In conclusion, the report states that “these data are very encouraging for the long-term health and stability of the Marketplace.” **These data should be taken into account when reviewing the rate increases of BCBS and other issuers.**

Thank you again for the opportunity to comment on these proposed rate filings. If you have any questions about our comments or want any further information on best practices or resources we have cited, please feel free to contact us.

Sincerely,

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