

USAbLe Mutual Insurance Company

2025 Individual On-Exchange and Off-Exchange Rate Filing

URRT Part II, Rate Increase Justification

USAbLe Mutual Insurance Company (UMIC) proposes an average premium rate increase of 3.17% for its Affordable Care Act (ACA) individual On-Exchange and Off-Exchange policies issued on or after January 1, 2025.

As of the 2025 plan year filing, UMIC has 129,025 individuals currently enrolled in their On-Exchange and Off-Exchange products.

Historically, UMIC's individual On-Exchange and Off-Exchange plans have exceeded the 80% Medical Loss Ratio (MLR) threshold required by the Federal Government. Thus, UMIC has not been required to issue any rebates to members for these policies.

As of the most recent MLR filing period for plan year 2022 (encompassing plan years 2020 – 2022), UMIC's individual product MLR was 85.6%. This calculation was based on adjusted claims and quality expenses of \$2,907,429,813 and adjusted premium and taxes of \$3,398,080,591. The MLR for plan year 2022 included individual grandfathered and transitional plan policies, in addition to ACA individual On-Exchange and Off-Exchange policies.

The requested 3.17% average premium rate increase for 2025 will help ensure that UMIC's individual On-Exchange and Off-Exchange premium rates are competitive and adequate. UMIC remains committed to ensuring access to health insurance for all Arkansans and believes this requested premium rate increase will help UMIC further that outcome.

There are several factors contributing to the requested premium rate increase. The first factor is claims trend, which impacts both medical and prescription drug costs and utilization. Claims trend continues to be impacted by the number of new prescription drugs made available in the market and the addition of new medical technologies and procedures, which drive health care costs, inflation, and increase utilization.

Plan benefit changes were made for the 2025 individual On-Exchange and Off-Exchange plan year in order to maintain compliance with Federal actuarial value standards. Benefits were also adjusted to maintain plan designs that are competitive in this market and appealing to Arkansas consumers. Premium rates were considered in setting plan benefits, so that consumers are given options that are priced fairly, yet also adequate for the coverage being offered.

Another major impact for the 2025 requested rate filing were laws passed during the 2023 Arkansas legislative session that took effect as early as August 1, 2023. These newly passed laws mandated or expanded numerous coverage benefits, some of which included reductions in cost-sharing amounts to members. As a result of legislative bills that were passed and signed into law, UMIC expects medical costs and utilization rates to increase when the laws are implemented. These increases were taken into account when calculating premiums.

As considered in the prior filings for plan years 2018 through 2024, UMIC factored in premium loads to help offset the non-payment of Federal cost-sharing reductions (CSRs) for eligible On-Exchange silver plans.

The 2025 plan year rate filing is contingent upon the status of the ACA statutes and regulations, including any regulatory guidance, court decisions, or otherwise at the Federal and State levels. Any changes in these areas have the potential to greatly impact the 2025 plan year premium rates. Changes include, but are not limited to, any legislative or regulatory amendments, court decisions, or actions by Congress, the Health and Human Services Secretary or the Centers for Medicare and Medicaid Services director.

UMIC continues its commitment of meeting the needs of its members while offering rates that are competitive in the On-Exchange and Off-Exchange markets. It offers tools and resources members need to navigate the complexities of healthcare purchases and decision-making, such as maintaining additional customer service representatives with expanded hours to help customers understand their options.

Some of the benefits UMIC customers receive include the following:

- **Savings on Prescriptions.** A variety of ways to save money on prescriptions, including mail order services are now available.
- **Plan Options.** There is no one-size-fits-all health insurance plan; therefore, UMIC offers a variety of plans with diverse benefits and costs from which people can choose.
- **Toll-free Telephone Support.** A toll-free line is available for customers to speak with a representative who will help find the most cost-effective health plan for their needs.
- **Personalized Treatment Plans.** Personalized treatment plans are available for customers with long-term medical conditions such as high blood pressure and diabetes. UMIC has a dedicated medical and support staff to help members manage their chronic conditions and assist them with their ongoing treatment.

UMIC believes the requested premium rate increase of 3.17% is necessary to adequately support its On-Exchange and Off-Exchange individual products. If the proposed premium rate increase results in an MLR of less than the prescribed federal requirements, UMIC will be required to issue rebates to individuals insured by these policies. As previously mentioned, UMIC has never had to issue rebates for its individual products and is confident that the 2025 rate request will continue this pattern of appropriately and adequately priced products.