



Part II Rate Justification

Optimum Choice, Inc.

Issuer HIOS ID 72375

Maryland Individual Health Insurance 2023 Premium Rate Filing

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Developed by:
Wakely Consulting Group

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Part II: Written Description Justifying the Rate Increase

The following memorandum describes the key drivers of the rate changes of individual rates for Optimum Choice, Inc. (OCI) in the State of Maryland.

OCI entered the Maryland individual market with HMO products effective January 1, 2021. This filing presents premium rates for renewing product. The aggregate rate increase requested is 4.4%, however rate changes by plan range from a 4.9% decrease to a 10.4% increase. The reasons for the requested premium changes include updated information on OCI provider contracting arrangements in Maryland, reflecting additional year of trends from 2022, and updates to the product portfolio (terminated and new plans).

Scope and range of the rate increase: Approximately 11,000 individuals are impacted by the rate increase. The variation in the increase among affected individuals differs by plan due to the impact of the plan design changes needed in order to comply with Federal plan requirements by metal level (gold, silver and bronze).

Financial experience of the product: The Optimum Choice IND HMO product was first offered in 2021, during which it incurred a Federal medical loss ratio in line with pricing expectations and is not impacting the rate increases. There is not yet adequate information to assess how the 2022 premium revenue, claims experience and profit will differ. The financial experience of the product is not impactful on the projected rate change.

Changes in Medical Service Costs: Medical service costs are projected to increase due facility and physician contract escalators. Additionally, OCI anticipates an increase in the utilization of services as a result of end of the public health emergency and the impact of Medicaid redetermination on ACA individual market which is projected to increase overall utilization and cost. Gaining experience data from 2021 plan year has also allowed OCI to better assess their contracting levels in Maryland and reflect these more accurately in 2023 rates.

Changes in benefits: OCI is has lowered deductibles and maximum-out-of-pocket limits to increase the richness of silver and gold plans in order to comply with the Federal requirements, which led to a slight increase to rates. Additionally, we projected that in 2023 there would be more members eligible for the cost-sharing reductions in silver plans with enhanced benefits, which also contributed to the increase in the silver plans' rates.

Administrative costs and anticipated margins: OCI is projecting an average increase of \$11 per member per month in the non-benefit costs compared to 2022 plan year.

Sincerely,



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