

Part II: Rate Increase Justification for 2025

Moda Health Plan, Inc.

Individual Health Benefit Plans

Scope and Range of the Rate Increase

The average proposed rate change is 19.63%. The proposed rate change varies by product and plan. The minimum is 17.27%, and the maximum is 24.22%. The current members impacted by the proposed rate change is 6,844, and the projected average members impacted by the proposed rates in 2025 is 7,000.

Financial Experience of the Product

The table below shows the financial experience of this line of business for 2022 and 2023 as well as projected for 2024. The net contribution to entity PMPM target for this line of business is \$55.55. The financial experience shown in the table below is well below this target. The proposed rate change is needed to support the administrative costs associated with running this line of business for 2025.

	2022	2023	2024
Member Months (MM)	29,326	59,323	81,518
Premium	\$19,627,472	\$46,041,463	\$71,796,282
Net Premium	\$14,280,828	\$33,313,718	\$54,403,430
Claims	\$20,714,049	\$46,968,047	\$69,193,895
Net Claims	\$15,058,440	\$33,750,579	\$50,994,061
Contribution to Overhead	-\$777,612	-\$436,861	\$3,409,369
Taxes and Fees	-\$600,574	-\$1,500,369	-\$2,052,457
Commission	-\$33,029	-\$119,755	-\$214,060
Net Contribution to Entity	-\$1,411,215	-\$2,056,985	\$1,142,852
Net Contribution to Entity (PMPM)	-\$48.12	-\$34.67	\$14.02

Changes in Medical Service Cost

The annual expected change in medical and pharmacy service costs is 8.1%. The annual expected change due to cost inflation is 6.7%, and the annual expected change due to increased utilization is 1.3%.

Changes in Benefits

A summary of benefits changes are listed below.

- The Moda Pioneer Bronze 5500 plan's out-of-pocket maximum is being reduced from \$9,200 to \$8,050 which satisfies IRS requirements for high deductible health plans. This plan's name is changing to Moda Pioneer Bronze HDHP 5500 to reflect this change.
- The federal standard plans are all changing according to federal requirements.

Administrative Costs and Anticipated Margins

Administrative costs and anticipated margins are expected to be 12.15% of the total rate for 2025.

- Moda Health Plan's administrative expenses, including commissions, account for 5.43% of the total rate for 2025.
- Taxes and fees, including federally-facilitated exchange (FFE) fees, account for 4.72% of the total rate for 2025.
- Profit and risk margin account for 2.00% of the total rate for 2025.

This line of business exceeded the ACA's required Medical Loss Ratio (MLR) for 2020-2022 and is expected to exceed the ACA's required MLR for 2023-2025.