



Proposed Preliminary Part II Justification Language

Company Legal Name: Quartz Health Benefit Plans Corporation

State: Illinois

HIOS Issuer ID: 85773

Market: Individual

Product: Individual HMO Product One

Effective Date: January 1, 2024 through December 31, 2024

Part II – Preliminary Justification

This justification is intended to comply with the requirements of Section 2794 of the Public Health Service Act as added by Section 1003 of the Patient Protection and Affordable Care Act. This justification may not be appropriate for purposes or scopes beyond those described above and, therefore, should not be used for other purposes.

Scope and Range of Rate Increase

Quartz Health Benefit Plans Corporation (Quartz) is requesting an average rate increase of 14.41%. Quartz members would receive premium increases ranging from -0.03% - 24.62%, depending on their plan selection. As of February 2023, there are 1,614 individuals that will be impacted by this increase. Additionally, premium rates may change for individual contracts by an amount outside of the filed rates due to changes occurring at the contract level. These contract level changes may include changes in various characteristics, such as age, benefit plan, and tobacco user status.

Financial Experience of the Product

For the experience period, this product had a loss ratio of 88.6%. The proposed rate increase is needed to maintain a target projected loss ratio of 86.7%. Please note that this MLR calculation is purely an estimate and not meant to be a true measure for purpose of calculating the Federal or State MLR rebates. The products contained in this filing represent only a subset of Quartz's Individual business.

Changes in Medical Service Costs

The requested rate increase is impacted by both medical and pharmacy trends increasing due to utilization and service cost changes.

Utilization Changes – A portion of the rate increase is due to the changes in claim costs associated with utilization increases from the number of services, severity of services and change in mix of services.

Service Cost Changes – A portion of the rate increase is due to the changes in the plan claim costs due to increased reimbursement payments to healthcare providers.

Changes in Benefits



Quartz has added optional dental benefits and has made some minor cost sharing changes to current plan designs to maintain compliance within the federally mandated benefit ranges.

Administrative Costs and Anticipated Margins

Administrative Costs as a percentage of premium is not contributing to the requested rate increase.