2017 Medica Insurance Rate Proposal Review Decision
Issued August 29, 2016

Introduction

The Iowa Insurance Division (the "Division") received an annual individual health insurance premium rate ("rate") filing for Medica Insurance Company plans compliant with the federal Patient Protection and Affordable Care Act ("ACA") in May, 2016. Medica proposed an average rate increase of 19%, with variations by plan, effective January 1, 2017, for approximately 1,367 policyholders. After review and analysis, the Division approved a rate increase of 19%. Rates for 2017 were based on Medica Insurance's experience with existing individual business, and projected movement among or within the entire insured and uninsured population. The rate filings were reviewed to ensure compliance with ACA requirements and instructions from the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services ("CMS"), to ensure that the proposal is justified based upon the experience of the plans, and to ensure that the proposed rates can be expected to produce a medical loss ratio ("MLR") of at least 80% for 2017.

Rate Filing and Review Procedures

Pursuant to a Governor's directive from 2010, and in accordance with Iowa Code section 505.19, whenever any health insurance company that conducts business in Iowa submits a health insurance premium rate increase request to the Division, the Iowa Insurance Commissioner (the "Commissioner") must utilize an independent, qualified third-party actuary to conduct a secondary review to determine the adequacy and appropriateness of the proposed rate. The Division maintains a list of independent actuarial firms, and selected NovaRest to perform the independent actuarial review. The report of NovaRest is attached to this press release. Specific tests and criteria used to determine the validity of the request is outlined in each of the detailed reports. The independent review is performed simultaneously with the statutorily required Division in-house review.

In addition, Iowa Code section 505.19 requires the Commissioner to hold a public hearing on a proposed health insurance rate increase which exceeds the average annual health spending growth rate as published by the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services ("CMS"). The current rate is 6.4%. Prior to the public hearing, the Consumer Advocate for the Division solicits and receives public comments on the proposed health insurance rate increase. Those comments are posted **here**.

A hearing on the proposed rate was held on Saturday, July 23, 2016 at 10:00 a.m. at the Mercy College of Health Sciences, Sullivan Center, Des Moines, Iowa. Access to the hearing was made available at six locations around the state via the Iowa Communications Network ("ICN").

The Commissioner reviewed the actuarial reports from NovaRest. The Commissioner also consulted with financial and actuarial staff within the Division.

Consumer Concerns and Issues

The Consumer Advocate has received comments or concerns directly from policyholders or members of the public which may be viewed here.

Conclusion and Decision

The Division is mindful that several key provisions of the ACA impacted health insurance premium rates and pricing. The Commissioner studied the actuarial report, and consulted with various Division staff regarding the Medica Insurance rate increase proposal. Whether to approve the rate increase is not a decision the Commissioner has taken lightly. Many Iowans will be impacted by this decision. Balancing the needs of Iowa consumers and the solvency of an insurance carrier must be weighed carefully.

The Commissioner finds that there is no evidence that the proposed rate filings are discriminatory or excessive under Iowa statute. The Commissioner therefore approves the proposed individual rate increase filed by Medica Insurance and has sent his approval to CMS for their approval prior to implementation.

Dated August 29, 2016

Nick Gerhart
Iowa Insurance Commissioner