

ACA HEALTH RATE FILING GENERAL INFORMATION FOR PLAN YEAR 2025

PLEASE NOTE: This document is provided as a courtesy only. It is not all inclusive and should be used in conjunction with applicable statutes and regulations. It should not be construed as legal advice or a legal opinion. State statutes and regulations always prevail over the information contained in this document.

Silver Loading On-Exchange Plans

As mentioned in Bulletin 24-04, the Department is in the process of finalizing an amendment to 20 CSR 400-13.100 ahead of plan year 2025. The amendment will codify the practice of having carriers in the individual market assume that Cost Sharing Reduction (CSR) payments will not be made by the federal government, and applying the CSR payment load ONLY to silver plans sold on the exchange.

Components of the AV and Cost Sharing Design of Plan

Also mentioned in Bulletin 24-04, and consistent with long-standing federal regulations and guidance, the plan-level factors used in the development of the AV and Cost Sharing Design of Plan (AVCSDP, item 3.3 of URRT Worksheet 2) should not be based on ACA experience, either before or after the impact of risk adjustment, but instead “may take into account the benefit differences and utilization differences due to differences in cost-sharing.”¹ It is anticipated that the AVCSDPs for silver plans will be much closer to those for gold plans than they are to bronze plans, and may even exceed the gold values.

In addition, Bulletin 24-04 provides a methodology for determining Induced Demand Factors (IDFs). IDFs are to be calculated using the following formula: $1.24 - AV + AV^2$, where AV refers to the AV Metal Values from the federal AV calculator. For base values of 0.6 for Bronze, 0.7 for Silver, 0.8 for Gold, and 0.9 for Platinum, the formula returns the IDFs used in the risk adjustment formula (1.00, 1.03, 1.08, and 1.15 respectively).

Items receiving immediate attention in the filing review

For rate filings submitted for Individual and Small Group ACA plans, the Department requests that companies pay special attention to the following items, as they are the focus of the initial review:

1) Part 2 Written Rate Justification

Missouri regulations regarding the Part 2 written justification can be found at [20 CSR 400-13.100 \(6\)\(B\)](#). The intent of the Part 2 justification, as outlined in the rule, is that it is a “brief, non-technical, consumer-oriented explanation of the proposed rates...and any modifications contained therein.” The following information includes observations from prior years’ filings. Please use these observations in conjunction with the regulation.

- **Highly technical submissions:** Contents should include common terminology that is clearly understandable to the general public.
- **Most significant factors affecting the change in rates:** Lists of factors that affect the change in rates have included items that have not changed from one filing to the next. These may be significant to the rates overall, but are not significant to the change in

¹ <https://www.cms.gov/files/document/urr-py23-instructions.pdf>

rates as outlined in the current filing. We suggest that these factors not be included in Part 2.

- **Loss ratios:** Consumers are familiar with the Medical Loss Ratios (MLR) that are calculated for ACA rebate purposes. We suggest that carriers use the federal MLR calculated for ACA rebate purposes in their Part 2 justification. Furthermore, we suggest that companies include their rebate payment history in addition to historical MLRs.
- **Unnecessary information:** Carriers are encouraged to ensure that their Part 2 justification is consistent with other parts of the filing. Furthermore, we strongly encourage carriers to use the Part 2 justification as an opportunity to plainly state the reasons for the year's rate action to consumers, rather than including unsupported statements about the quality of the company or its products, or other marketing-type materials.

2) **Redacted version of the actuarial memorandum**

The redacted actuarial memorandum should be identical to the actuarial memorandum that has not been redacted, with the exception of items that have been blacked out or omitted. NOTE: Redacted portions of the actuarial memorandum should be limited to items that are trade secret or proprietary, as described in [20 CSR 400-13.100\(7\)](#), and that are not already made public by some other document in the filing.

3) **List of counties where coverage will be offered**

Worksheet 3 of the URRT collects information on the rating factors for the rating areas in which the company is offering coverage. In addition to this information, the Department requests a list of the counties in each rating area where the company plans to offer coverage. The list of counties will be made public in the 2025 Individual Health Insurance Market Map, which will be available at <https://insurance.mo.gov/industry/filings/healthrates/>.

4) **AV and Cost Sharing Design by Plan Template**

This Excel file, which can be found at the Health Rates page linked above, collects information on the pricing factors that determine the AV and Cost Sharing Design of Plan (item 3.3 in Worksheet 2 of the URRT) for each plan.

Exclude transitional business from the URRT

In prior years there was confusion about whether the transitional business needed to be included in Worksheet 1 of the URRT. Some guidance indicated it should be included in Worksheet 1, but then pulled back out of Worksheet 2. The opposing interpretations were based on some confusing language in the URRT instructions. Current federal guidance suggests that the determination of whether to have the transitional business included in the URRT is up to the states. Missouri requests that carriers continue to exclude this business from the URRT for the 2025 plan year.

DCI Health Insurance Rates Website

Useful information for submitting a successful rate filing is available on the Department's website at <https://insurance.mo.gov/industry/filings/healthrates/>. Information includes the following:

- Bulletin 24-04 – Filing Dates for Plan Year 2025
- Health Insurance Rate Filing Checklist
- Health Insurance Rate Filing Statute

- Health Insurance Rate Filing Regulations
- Information about previous years' rate filings, including SERFF tracking numbers.

Prior Filings Used as a Template

In order to shorten review times, companies that have filed ACA rates in prior years are encouraged to use their most recent final version of the actuarial memorandum and Part 2 as a reasonable starting point. Companies that are entering the market for the first time, or for the first time in a few years, may find it helpful to view the final versions of the actuarial memoranda for companies that filed for the previous year. They are available via SERFF Public Access. Note that every filing is reviewed on its own merit.

Effective Rate Review

Missouri is an Effective Rate Review (ERR) state. As such, there are federal requirements the Department must comply with, but there are also some tasks that remain the federal government's responsibility. Please note, the Missouri Department of Commerce and Insurance does not review QHP applications or certify QHPs.

Questions

Questions about this communication or health insurance rate filings may be directed to the Department at healthrates@insurance.mo.gov.