Missouri Department of Commerce and Insurance
Market Regulation Division
Insurance Product Filing Section
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ACA Health Rate Filing General Information for Plan Year 2027

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Silver Loading On-Exchange Plans

As outlined in 20 CSR 400-13.100, carriers in the individual market should assume that the federal government will not make Cost Sharing Reduction (CSR) payments and should apply the CSR payment load only to silver plans sold on the exchange.

Cost Sharing Reduction Adjustments

Consistent with 20 CSR 400-13.100, carriers should assume that at least 95% of the membership in a Silver plan will be in the two Platinum-level CSR variants of each plan (those with AVs of 87 and 94 percent). The assumed mix should be reasonable.

Carriers should not use ACA experience data for this plan-level adjustment, either before or after the impact of risk adjustment (which is intended to be market-wide, impacting only Worksheet 1 of the URRT), but instead "may take into account the cost shares and the resultant impact on utilization"[1] by using benefit relativities between the base plans and their variants. For those relativities, carriers should use their own pricing AVs rather than the federal AV Metal Values. Values used in a carrier's CSR load calculation should have rational relationships to each other. ("Rational" takes into account the current environment of CSR loading.)

In the latest version of the URRT (currently a draft version[2] as of the time of this posting), the CSR load is a separate item in the development – it is no longer part of the AV and Cost Sharing Design of Plan (AVCSDP, item 3.3 of URRT Worksheet 2). A carrier's plans' AVCSDPs should still have rational relationships to each other. Last year, it was

[1] https://www.cms.gov/medicare/regulations-guidance/legislation/paperwork-reduction-act-1995/pra-listing/cms-10379
[2] Ibid.

anticipated that the AVCSDPs for silver plans would exceed those for gold plans. This year, that comparison would have to include the CSR load item as well. This year, then, the product of those two items is anticipated to be higher for silver plans than for gold plans, especially now that the calculation for CSRs must assume that 95% of the membership in a silver plan (up from 88% last year) will be in the two platinum-level CSR variants of each plan.

There is no need to reflect any additional induced utilization - beyond what is discussed in the section below - in the CSR load calculation for Platinum-level Silver CSR variants.

Induced Demand Factors

The same methodology for determining Induced Demand Factors (IDFs) used in last year's filings will apply to PY 2027. For Individual plans, the 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

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

- Loss ratios: Consumers are familiar with Medical Loss Ratios (MLRs) 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 their Part 2 justification is consistent with the rest 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 unredacted actuarial memorandum, except for items 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 2027 Individual Health Insurance Market Map, available at https://insurance.mo.gov/health-insurance/health-insurance-rate-filings-plan-year.

4) AV and Cost Sharing Design by Plan Template

This Excel file, available on the Department's Health Insurance Rate Filings page, collects information on the pricing factors that determine the AV and Cost Sharing Design of the Plan (item 3.3 in Worksheet 2 of the URRT) for each plan.

Exclude transitional business from the URRT

Missouri requests that carriers continue to exclude transitional business from the URRT.

Effective Rate Review State

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 that the Missouri Department of Commerce and Insurance does not review Qualified Health Plan (QHP) applications or certify QHPs.

For More Information

Additional content is available on the Department's website at https://insurance.mo.gov/health-insurance/health-insurance-rate-filings-plan-year.

Questions

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