Actors Fund ○ African Service Committee ○ Children's Defense Fund-New York
Community Service Society of New York ○ Consumers Union ○ Empire Justice Center ○ Hispanic Federation
The Legal Aid Society ○ Make the Road New York ○ Medicare Rights Center ○ Metro New York Health Care for All Campaign ○ New Yorkers for Accessible Health Coverage ○ New York Immigration Coalition
Project CHARGE ○ Public Policy and Education Fund of New York/Citizen Action of New York
Raising Women's Voices-New York ○ Schuyler Center for Analysis and Advocacy
South Asian Council for Social Services ○ Young Invincibles

July 1, 2022

Adrienne A. Harris Superintendent
John Powell, Assistant Deputy Superintendent for Health
Frank Horn, Chief Actuary - Health
NYS Department of Financial Services
One Commerce Plaza
Albany, NY 12257

RE: Requested Rate Changes – Independent Health – NDPD-133235171

Dear Superintendent Harris, Assistant Deputy Powell, and Chief Actuary Horn:

Health Care For All New York (HCFANY) is a statewide coalition of over 170 organizations dedicated to achieving quality, affordable health coverage for all New Yorkers. HCFANY is grateful for the opportunity to submit comments on the 2022 rate requests submitted by New York's individual market carriers. We deeply appreciate the Department's annual efforts to keep rates as low as possible through its robust public prior approval process. Below are comments on the individual market applications as a whole, followed by specific comments on Independent Health's request.

I. New York's Individual Market

For the past two years, New York's individual market has covered approximately 260,000 people, down from 323,000 in 2019. The pandemic and resulting economic downturn caused a 19% decrease in enrollment in 2021, with many consumers migrating to the Essential Plan and Medicaid thanks to the State's progressive adoption of the federal Public Health Emergency provisions. Twelve carriers are planning to offer insurance in 2023 in the individual market. Only two of the carriers are payers into the risk adjustment program (Fidelis and Oscar), reflecting their relatively healthy enrollment. There were four payers in 2021 and five in 2020.

Table 1. On-Exchange Enrollment in New York's Individual Market, 2017-2022

	Number of People Enrolled	*Percent Change*
2017	309,195	-
2018	317,496	2.7%
2019	323,460	1.9%

2020	322,774	-0.2%
2021	261,242	-19.1%
2022	261,714	0.2%

The individual market carriers are requesting an average 18.2% premium increase (with a range from 6.9% by HealthPlus to 34.6% by the Health Insurance Plan of Greater New York—Emblem). These requests are significantly higher than in recent years. For example, the carriers requested average rate increases of 8.6% in 2022, 11.8% in 2021, and 9.7% in 2020.

Table 2. 2023 Individual Market Rate Requests	
Plan	*Request*
Emblem/HIP	34.6%
CDPHP	28.4%
NYQHC/Fidelis	23.2%
Highmark	20.5%
MVP	19.2%
United	16.1%
Oscar	14.6%
Excellus	14.0%
Healthfirst	13.0%
MetroPlus	12.8%
Independent Health	10.2%
HealthPlus	6.9%
Average	**18.7%**

The carriers' proposed rate increases are national outliers, far surpassing the requests coming in from carriers in other states (see Table 3 below) that have similar or significantly smaller risk pools. Washington and Michigan have comparable individual markets with similar numbers of carriers and risk pools, yet their carriers seek only 7.2% and 6.8% rate increases, respectively. Even the tiny neighboring state of Rhode Island, with just two carriers, is considering an 8% increase. The New York carriers offer no explanation to support relatively large rate increase proposals.

Table 3. Proposed 2023 Rate Increases in State Individual Markets			
	Average Request	*Number of People in Individual Market*	*Number of Carriers (including off-exchange)*
New York	18.8%	251,745	15
Vermont	14.7%	31,582	2
Maryland	11.0%	241,273	5
Rhode Island	8.0%	42,235	2
Washington	7.2%	245,174	14
Michigan	6.8%	339,181	12
Oregon	6.7%	177,813	6

Should the Department grant the proposed increases, New York's consumers would pay extremely high average monthly premiums of $778 (though many people enrolled in individual market plans in New York receive premium subsidies that would insulate them from higher premiums). However, New York's individual market carriers have a history of asking for much larger premium increases than are ultimately approved (see Table 4 below). New York consumers urge the Department to maintain its laudable tradition of reducing the premiums in order to shield consumers from unsupported double digit premium increase requests.

Table 4. Requested Premium Increase vs. Approved Increase			
Year	*Requested Change*	*Approved Change*	*Difference*
2022	10.8%	3.6%	-66.7%
2021	8.1%	1.5%	-81.5%
2020	9.7%	7.5%	-22.6%
2019	16.9%	6.3%	-62.7%

A review of the carriers' applications suggests some areas in which the Department can fairly reduce the 2023 rate requests, including closely assessing: their medical loss ratio histories; their estimates about the impact of Covid-19; changes to federal premium subsidies; annual claims trend; administrative costs; and profits and surplus retention.

HCFANY also urges the Department to incorporate its own complaint and quality information into the rate review process. The Department publishes the New York Consumer Guide to Health Insurers each year so that consumers can see which plans perform the best.[1] The report provides data on how many complaints the Department receives for each company, how many coverage appeals are filed and what proportion result in reversals of the plan's decisions, and how often appeals are escalated outside of the company to the State's External Appeal program. When plans have high reversal rates, it sometimes means that they are denying care without any basis and then spending administrative resources on appeals that should not be necessary. The report also shows how well the companies do on performance measures such as access to preventive care or ensuring people with chronic conditions are receiving the care they need. The state should integrate these independent measures of product value into its prior approval review. If plan members are unable to access care, that company should be asked to improve in advance of authorizing large rate increases.

1. Medical Loss Ratios

Similar to plans around the country, New York plans experienced very high profits in 2020, followed by much lower profits in 2021.[2] The plans' medical loss ratios (MLRs) show how much revenue they spent on health care for members as opposed to administrative costs and profit. In 2020, the average MLR was only 85.8% and four plans were at or below the state's minimum 82% (below which the plan must pay rebates). In 2021, the average MLR jumped to 99.8%, and five plans reported an MLR over 100%. That means the plan spent more on health care services than it brought in.

MLRs are assessed over three years for the purposes of calculating rebates, so any rebates the carriers owe individual market consumers in 2022 will be based on MLRs for 2019, 2020, and 2021. When smoothed over three years, the carriers' MLRs are an average of 91.3% (see Table 5 below). Most of the carriers project more typical MLRs for 2022 (an average of 93.6%) and are proposing an average MLR of 87.6% in 2023. The Department approved an average MLR of 87.5% for the 2022 rates. It should continue to reject rate proposals resulting in MLRs below this for 2023.

Table 5. Medical Loss Ratios in New York's Individual Market, 2019-2021

Plan	*2019*	*2020*	*2021*	*Average*
CDPHP	92.4%	95.5%	104.3%	97.4%
Health Insurance Plan of Greater New York	87.6%	82.0%	93.9%	87.8%
Excellus	83.0%	84.0%	97.5%	88.2%
Fidelis	78.0%	79.6%	91.7%	83.1%
Healthfirst	87.3%	84.5%	103.2%	91.7%
HealthPlus	88.3%	68.3%	83.1%	79.9%
Highmark	90.8%	90.8%	110.1%	97.2%
IHBC	74.6%	77.2%	104.8%	85.5%
MetroPlus	85.4%	87.7%	113.8%	95.6%
MVP	95.5%	101.1%	99.4%	98.7%
Oscar	96.0%	90.8%	99.2%	95.3%
UnitedHealthCare	99.8%	88.1%	96.7%	94.9%
Average	**88.2%**	**85.8%**	**99.8%**	**91.3%**

2. Impact of Covid-19

Overall, the carriers are reducing rates by 1.7% to reflect projected lower costs related to Covid-19. These downward adjustments are necessary because the claims data being used to estimate 2023 rates is from 2021, and likely includes direct and indirect Covid-related costs that will differ in 2023. All of the carriers expect that direct Covid-19 claims, those related to testing and treatment, will decrease in 2023 as compared to 2021. This is because Covid-19 vaccinations did not become available to all people until several months into 2021 and there are also now treatments that lessen the severity of the disease and reduce complications. Indirect Covid-19 claims are those related to deferred care, which would lower 2021 claims costs for at least part of the year.

The carriers vary widely in how they think possible deferred care in 2021 should be factored into their 2023 rates. Six carriers are adjusting their 2023 rates upwards in relation to indirect Covid-19 costs, which means they believe 2021 claims costs were lower than normal because people were continuing to avoid the health care system. Four of those adjustments are less than 1%. Four carriers include no adjustment, and three include a downward adjustment. Those carriers may assume that their 2021 claims costs were inflated because of people receiving care deferred during 2020. Some of these overall adjustments are much larger than others. For example, Fidelis is adjusting premiums downwards by 5.7%.

The Department should adopt a consistent policy regarding Covid-19 adjustments across all plans. It should consider whether the other plans have reduced premiums sufficiently to reflect reductions in the impact of Covid-19. It should also look at the methodologies carriers are using to determine the effect deferred care in 2021 will have on 2023 rates, given the variation in their estimates.

Table 6. Covid-related Rate Adjustments			
	Direct Covid	*Indirect Covid*	*Combined*
CDPHP	-0.3%	-0.5%	-0.8%
HIP/Emblem	-2.5%	0	-2.5%
Excellus	-0.7%	0	-0.7%
Fidelis	-1.1%	-4.6	-5.7%
Healthfirst	-2.0%	0	-2.0%
HealthPlus	-5.1%	1.9%	-3.2%
Highmark	-2.8%	0.6%	-2.2%
IHBC	-0.4%	0	-0.4%
MetroPlus	-1.4%	0.8%	-0.6%
MVP	-0.54%	-0.92	-1.5%
Oscar	-4.5%	3.4%	-1.1%
United	-8.3%	8.7%	0.4%
Average	**-2.5%**	**0.8%**	**-1.7%**

3. Enhanced Federal Subsidies

The American Rescue Plan Act (ARPA) increased the amount of premiums available for people purchasing individual market plans and for the first time extended premium subsidies to people earning between 400% and 600% of the federal poverty level. In New York, that meant 147,000 people paid much less for individual market plans than before—the average increase in subsidies was over $1,000.[3] Carriers reduced their 2022 rates in anticipation that increased subsidies would bring new customers and improve the risk pool, on average by 3.7%. Some carriers likely benefited more than others from the larger subsidies.

The enhanced subsidies provided through ARPA are set to sunset in 2023. Some of the carriers have built in rate increases in anticipation of losing customers once their premium costs go up (see Table 7 below). The Department should not allow adjustments made based on speculative judgments about future federal policy changes that may not happen.

If the Department allows these adjustments, it should ensure that these rate increases are based on the carrier's actual experience with the enhanced subsidies. For example, HealthPlus included an upward adjustment of 1%. However, HealthPlus is an HMO and the most expensive plan on the market. It seems unlikely that price sensitive consumers would flock to HealthPlus in significant numbers due to increased subsidies that would not have covered the cost of its plans.

Table 7. Effect of the Loss of Federal Subsidies

Plan	*Percent Change in Premium Costs*
CDPHP	1.7%
HIP/Emblem	0
Excellus	0.2%
Fidelis	3%
Healthfirst	0
HealthPlus	1%
Highmark	0
IHBC	0
MetroPlus	-1.3%
MVP	0
Oscar	3.0%
United	0
Average	**0.6%**

The Department should also consider that any impact of the potential termination of the ARPA subsidies will likely be more than offset by new enrollment related to the end of the Public Health Emergency. Many of the people who left the individual market in 2020 ended up in Medicaid plans. When the public health emergency ends, Medicaid redeterminations will begin again for the first time in over two years. People whose 2023 income makes them ineligible for Medicaid will likely enroll in individual market coverage. In fact, the UnitedHealthcare submission estimates that Medicaid redeterminations will increase enrollment by 20% and includes a downwards adjustment to its rate request of 1.1%.

4. Medical Trend

New York's carriers provide a variety of estimates of medical trend, which is an estimate of how much their claims will increase based on changes in prices and utilization. On average, New York's individual market carriers seek a 7.3% medical trend.

Table 8. Estimated 2023 Medical Trend by Carrier, New York	
Carrier	*Estimated Medical Trend*
HIP/Emblem	14.8%
United	8.4%
CDPHP	8.3%
MetroPlus	7.8%
HealthPlus	7.2%
Fidelis	7.0%
Highmark	7.0%
MVP	6.9%
Healthfirst	5.6%
Oscar	5.6%
Excellus	4.7%

IHBC	3.9%
Average	**7.3%**

New York carriers' trend projections are significantly higher than what carriers are projecting in the other states for which this information is available (see Table 9 below). Even the far less competitive market of Vermont, which has just two individual market carriers, projects a lower average medical trend than New York.

Table 9. Estimated 2023 Medical Trend by State	
State	*Estimated Medical Trend*
New York	7.3%
Vermont	7.0%
Washington	6.0%
Oregon	5.7%
Maryland	4.5%

The Department has an important role in controlling medical cost inflation. To this end, it should impose greater standardization in medical trend estimates within New York. There is significant variation in the trend estimates among the carriers, from 3.9% to 14.8% (see Table 8 above). The carrier estimating the lowest trend, Independent Health, is one that might be expected to have one of the higher trend estimates because it is an EPO and serves a relatively small number of consumers. The carrier with the highest estimated medical trend, the Health Insurance Plan of Greater New York (Emblem), is a major New York City HMO that covers hundreds of thousands of City employees and should be able to better control its individual market business trend given its enormous negotiating power with providers.

In setting the 2022 rates, the Department protected consumers' interests by approving an average trend rate of 5.9%. It should consider capping medical trend at this level for 2023 to be more in line with other states. That would mean reducing rate increases for eight plans, since four plans already estimate trends under 5.9%.

5. Administrative Costs and Profit

Administrative costs and profit are another area in which there is excessive variation in carriers' rate applications. On average, the carriers expect 11.3% of their rates to go toward administrative costs (see Table 10 below). Independent Health expects the biggest proportion to go toward administrative costs, at 15.9%. MetroPlus expects the lowest, at 7.4%. For 2022, the Department allowed administrative requests as high as 14%. This is too high. It should consider instead capping administrative costs at 11.3%, the average.

Table 10. Administrative Costs vs Profit		
Carrier	*Projected Administrative Costs*	*Requested Profit/Surplus*
Independent Health	15.9%	1.0%

Healthfirst	14.7%	0.5%
HIP/Emblem	13.2%	2.0%
Fidelis	12.4%	1.5%
Excellus	12.2%	1.5%
CDPHP	11.5%	1.0%
United	9.8%	1.5%
HealthPlus	9.6%	2.0%
Highmark	9.0%	1.0%
Oscar	8.3%	3.0%
MetroPlus	7.4%	0.5%
Average	**11.3%**	**-**

Profit and surplus requests range from 3% to 0.5%. The Department capped profit and surplus at 0.5% for the 2022 rates. It should do the same for 2023.

II. Independent Health

Independent Health Benefits Corporation is a non-profit health insurer that offers EPO and POS plans in the Buffalo region. It has 7,641 members in 2022, an increase of 69% over 2021. Independent Health's relatively low premiums are a likely driver of this enrollment increase. It reduced its premiums in 2021 and 2022 and increased them by less than 1% in 2020 and 2019. In 2022 it has the lowest average rates in the individual market at $469 a month before subsidies. Independent Health projects receiving a payment from the federal risk adjustment program in 2023 which allows it to reduce its rate request by 15%. That means its members are less healthy than average and will incur higher claims costs.

Independent Health is requesting a 10.2% increase for 2023, lower than the average request (18.2%) but far higher than it has received for the past few years. If this request were approved in full, its 2023 rates would be $517 a month before subsidies. Such a large increase will impose hardship on Independent Health members and could cause some to disenroll. Independent Health is successfully reducing premium costs by maintaining a low medical trend of 3.9%. However, it has a history of low MLRs and high administrative costs. It is also asking for a higher profit than has been approved over the past few years and may be underestimating how much Covid-19 related costs will decrease in 2023.

1. Independent Health did not meet the State's 82% minimum MLR in 2018, 2019, or 2020.

Independent Health's MLRs have been under the 82% minimum more often than any other carrier in the individual market. Like all carriers, Independent Health estimated that its MLRs would be at least 82% in each of those years when submitting its rate requests. The differences in the projections described in its rate applications and what actually occurred cast doubt on the credibility of its assumptions.

Independent Health did have an MLR over 100% in 2021, as many carriers did. This was a result of pandemic disruptions that were difficult to anticipate when setting rates. However, its three-year average between 2019 and 2021 was only 85.8%. Its projected MLR for 2022 is 87.8%, which means it is stabilizing after its unusual 2021 experience.

Table 11. Independent Health MLR by Year	
Year	*MLR*
2018	72.8%
2019	74.6%
2020	77.2%
2021	104.8%
2022 (Projected)	87.8%

Independent Health is proposing a low MLR of 83%, meaning it will keep a large amount of its premium revenue as administrative costs and surplus. Even without its history of MLR failures, this would be too low a goal. Considering that it also has a history of not meeting its MLR, the Department should reduce Independent Health's requested increase and low MLR goal.

2. **Independent Health has very high administrative costs of 15.9%, the highest in the individual market.**

The average proposed administrative costs in the individual market are 11.3%, far lower than Independent Health's 15.9%. Independent Health's administrative costs are also increasing over time. In 2021, they were 13.7%. Carriers with high administrative costs should make efforts to reduce them before asking consumers to pay higher rates. The Department should reduce Independent Health's allowed administrative costs to the average 11.3%.

3. **Independent Health is asking for a 1.0% surplus.**

This should be reduced to 0.5% as the Department has done for all carriers in recent years.

4. **Independent Health is arguing that there will be no real difference between 2021 and 2023 claims costs related to Covid-19.**

Independent Health says that its 2021 claims costs were not significantly affected by direct Covid-19 costs (such as testing and health care for people with Covid-19) or indirect Covid-19 effects from people changing their utilization in response to the pandemic. On average, the other carriers estimated that their requests could be decreased by 2.5% to reflect lower direct Covid-19 costs in 2023. They also estimate that their rates should be increased by 0.8% related to indirect Covid-19 costs (deferred care starting in 2020), for a net decrease of 1.7%.

The Department should consider whether Independent Health's assumption that direct Covid-19 costs will be the same in 2023 as they were in 2021, when there were fewer treatments and vaccines did not become available to most people until several months into the year. It

should also evaluate Independent Health's assumptions about indirect Covid-19 costs along with those of all the other carriers. These assumptions varied from a reduction of 4.6% to an increase of 8.7%. It is unlikely that the carriers were so differently affected and the Department may identify aspects of their methodology that should be more standardized.

5. Independent Health complaint and quality data

The Department's Consumer Guide ranks Independent Health's EPO products number one out of 15 carriers relative to both consumer and prompt pay complaints.[1] The Department's database indicates that it has a relatively high reversal rate of 43% – with only 72 external reviews filed.[2]

The Department's Consumer Guide does not report any quality information about Independent Health's EPO products. However, it does report on its HMO line of business. Independent Health performs better than the other carriers on a number of access to service measures. Likewise, on quality-of-care measures, Independent Health performs better than the other carriers on all child and adolescent health measures and many adult measures, including nearly all women's health and diabetes care measures. Independent Health appears to stumble on a few quality measures related to behavioral health.

The Department may want to consider these complaint and quality indicators as it reviews the Independent Health rate application.

Thank you for your attention.

Very truly yours,

Amanda Dunker
Health Policy Director
Community Service Society of New York

[1] https://www.dfs.ny.gov/system/files/documents/2021/08/ny_consumer_guide_health_insurers_2021.pdf (page 8 and 11).
[2] https://www.dfs.ny.gov/public-appeal/search?f%5B0%5D=health_plan%3AIndependent%20Health.