



MEMORANDUM

Date: September 28, 2022
To: WSHIP Board of Directors
Re: Proposed 2023 WSHIP Rates
From: Liz Leif, FSA

The purpose of this memorandum is to provide information regarding the calculation of 20223 WSHIP rates. These rates have been calculated in accordance with the requirements of RCW 48.41.200 and the Board's Rate-Setting Principles.

Summary of Proposed Rate Changes

The rate analysis shows the following:

- The 2023 rate change for WSHIP's non-Medicare plans averages approximately 6%, ranging from -6% to +15%.
- The rate changes for the Medicare plans range from -2.2% to 0.5%, varying by plan.

Calculation Methodology for Non-Medicare PPO Plans

The WSHIP rating methodology uses a weighted average of the five largest carriers in the individual market based on enrollment. Value Health Benefit Administrators (VHBA) provided the 2021 membership carrier counts to be used in setting the 2023 WSHIP rates. The individual market between 2020 and 2021 once again saw shifts in market share, with the largest carrier (Kaiser of WA) losing members, while the second and third place carriers (Coordinated Care and Molina) switched places due to growth in Molina's membership. In total, the number of insureds in the individual market grew by about 5%.

For 2023, there will be fourteen carriers offering individual coverage in Washington. This is one less than last year, with Health Alliance not submitting rates for 2023. There are no new entrants. Twelve of the carriers will offer coverage on the Exchange. Asuris and Providence will not. Seven carriers (BridgeSpan, Community Health, Coordinated Care, Lifewise, Molina, PacificSource, and UnitedHealthcare) will offer standardized Public Option plans. We did not use the Public Option versions of the plans for establishing WSHIP rates, except where needed to base the average on five carriers (Area 7). We used the non-Public Option versions of the standardized Cascade Care plans where possible.

The proposed non-Medicare rates were calculated using the following methodology:

- We accessed the Office of the Insurance Commissioner (OIC) website to secure the approved rates and benefits of the carriers. The following table shows the combination of carriers used to develop the proposed WSHIP 2023 rates in each of the nine rating areas.

Carrier	2021 Rank	2020 Rank	2023 Rating Area								
			1	2	3	4	5	6	7	8	9
Kaiser of WA	1	1	X	X		X	X	X		X	X
Molina	2	3	X	X	X	X	X	X		X	
Coordinated Care	3	2	X	X	X	X	X	X	X	X	X
Lifewise	4	4	X	X		X	X	X	X	X	X
Premera	5	5	X	X				X			
Regence	6	10			X		X			X	
Kaiser of NW	7	6			X						
Regence of OR	8	8			X						
PacificSource	9	7				X					X
BridgeSpan	10	9									X
UnitedHealthcare	11	14							X		
Asuris	12	11							X		
Community Health	14	n/a							X		

- The benefits of the WSHIP plans were modeled to determine their 2023 actuarial value, based on the 2023 ACA Actuarial Value Calculator. The rates for each of the carriers were adjusted to reflect the difference between the carrier and WSHIP actuarial values. The rates were also adjusted to reflect the actuarial value of differences in managed care approach. The actuarially adjusted rates for the companies were averaged for each deductible option, using a weighted average based on 2021 membership. This calculation resulted in the 2023 average market rate for each plan design.
- Geographic area rate relativities were calculated based on the average market rate in each area relative to Area 1, King County.

Area	Counties	2022 Factor	WSHIP Members	WSHIP Distribution
1	King	1.000	97	56%
2	Clallam, Cowlitz, Grays Harbor, Jefferson, Kitsap, Lewis, Pacific, Wahkiakum	1.109	5	3%
3	Clark, Klickitat, Skamania	0.981	2	1%
4	Ferry, Lincoln, Pend Oreille, Spokane, Stevens	1.013	4	2%
5	Mason, Pierce, Thurston	1.061	24	14%
6	Benton, Franklin, Kittitas, Yakima	1.047	9	5%
7	Adams, Chelan, Douglas, Grant, Okanogan	1.110	3	2%
8	Island, San Juan, Skagit, Snohomish, Whatcom	1.037	27	16%
9	Asotin, Columbia, Garfield, Walla Walla, Whitman	1.065	2	1%
Totals			173	100%

- All carriers used in the pricing have separate rates for smokers except for Molina. The smoker rates are 11% higher than non-smoker rates when blended across all rating areas. This is down from last year's 13% smoker differential. Approximately 14% of the members are smokers, which is the same as last year.

- The average market rates were multiplied by 1.10 to arrive at the proposed 2023 WSHIP rates.
- The proposed 2023 rates were compared to the 2022 rates to determine the rate change. The average rate change for each deductible option and area was determined based on the June 2022 membership in each rate cell.

The resulting non-smoker rate changes by plan and area are shown in the following table. The cells that are grayed out have no enrollment.

Area	WSHIP Plan				
	500	1000	2500	5000	3000 HSA
1	3%	3%	6%	4%	0%
2	3%	4%	7%	5%	1%
3	-6%	-6%	-3%	-5%	-9%
4	5%	5%	8%	6%	2%
5	3%	4%	7%	5%	1%
6	6%	7%	10%	8%	4%
7	11%	12%	15%	13%	8%
8	6%	7%	9%	8%	3%
9	4%	5%	8%	6%	2%

Calculation Methodology for Medicare Plans Over Age 65

The proposed 2023 Medicare over age 65 rates were calculated as described below:

- We used the largest Medicare Supplement carriers' membership for 2021. The companies were UnitedHealthcare (AARP), Regence BlueShield, United World, Loyal American, Humana, and Premera. Humana is new this year, replacing Asuris.
- The July 2022 Medicare Supplement rates for Plans F and G were secured from the OIC website. Plan F is closest to WSHIP's Basic, and Plan G is closest to the WSHIP Medical Supplement benefit designs, respectively. Premera offers Plan G but not Plan F. Humana was used as the fifth carrier for Plan F.
- The carrier rates were trended one year to the midpoint of the WSHIP rating period beginning January 1, 2023. The trend was estimated based on the rate changes from 2020 to 2022 in the rates of these carriers. The trend averaged 4.0% for Plan F and 2.3% for Plan G.
- The trended rates for the five companies were averaged, using a weighted average based on 2021 enrollment.
- The trended average rates were adjusted to reflect the actuarial value of differences in benefit design between Plans F and G and the WSHIP Basic, Basic Plus, and Medical Supplement plans. The modifications included prescription drug benefits as well as a few other minor plan differences.
- The adjusted standard risk rates were multiplied by 1.50 to arrive at the proposed 2023 WSHIP over age 65 Medicare Plan rates. A rate comparison with 2022 rates is shown in the following table. The rates show a decrease because the trend assumptions used last year (6% for Plan F and 5% for Plan G) exceeded the actual trend, so a correction in the rates is reflected this year.

Plan	2022 Rate	2023 Rate	% Change
Medical Supplement	\$324	\$317	-2.2%
Basic	\$415	\$411	-1.0%
Basic Plus	\$646	\$649	0.5%

Calculation Methodology for Medicare Plans Under Age 65

There are currently two companies (United American and HCA Premera) selling individual coverage to Medicare-eligible persons under age 65 in Washington. Both companies also sell to over age 65 individuals. We used the average ratio of under age 65 to over age 65 rates for these two companies to develop the under age 65 WSHIP rate. The average ratio was 1.71.

The adjusted standard risk rates were multiplied by 1.10 to arrive at the proposed 2023 WSHIP under age 65 Medicare Plan rates. A rate comparison with 2022 rates is shown in the following table.

<i>Plan</i>	<i>2022 Rate</i>	<i>2023 Rate</i>	<i>% Change</i>
Medical Supplement	\$407	\$398	-2.4%
Basic	\$521	\$515	-1.2%
Basic Plus	\$812	\$814	0.2%

Rate Change and Multiplier History

The following table shows the rate changes in the last five years.

Date	Non-Medicare Plans		Medicare Plans			
	Multiplier	Average Rate Change	Multiplier < 65 / 65+	Average Rate Change		
				Basic	Basic Plus	Med Supp
January 2018	1.10	18%	1.10 / 1.50	0%	2%	
January 2019	1.10	3%	1.10 / 1.50	3%	4%	
January 2020	1.10	-7%	1.10 / 1.50	5%	5%	
January 2021	1.10	-2%	1.10 / 1.50	9%	6%	8%
January 2022	1.10	-1%	1.10 / 1.50	6%	5%	5%

Exhibits

Exhibit I – Proposed 2023 Non-Medicare Rates Area 1

Exhibit II – Proposed 2023 Non-Medicare Rate Increases Area 1

Exhibit III – Proposed 2023 Medicare Rates – Rate Development

**Washington State Health Insurance Pool (WSHIP)
2023 Monthly Premium Rates**

PREFERRED PROVIDER PLANS (PPO Plans)

Area 1: King County

Age	Non-Smoker Rates Deductible					Smoker Rates Deductible				
	\$500	\$1,000	\$2,500	\$5,000	\$3,000	\$500	\$1,000	\$2,500	\$5,000	\$3,000
0-14	\$824	\$709	\$423	\$361	\$385	\$824	\$709	\$423	\$361	\$385
15	\$897	\$772	\$461	\$393	\$419	\$897	\$772	\$461	\$393	\$419
16	\$925	\$797	\$475	\$405	\$432	\$925	\$797	\$475	\$405	\$432
17	\$953	\$821	\$490	\$418	\$445	\$953	\$821	\$490	\$418	\$445
18	\$983	\$847	\$505	\$431	\$459	\$983	\$847	\$505	\$431	\$459
19	\$1,014	\$873	\$521	\$444	\$473	\$1,014	\$873	\$521	\$444	\$473
20	\$1,045	\$899	\$537	\$458	\$488	\$1,045	\$899	\$537	\$458	\$488
21	\$1,077	\$927	\$553	\$472	\$503	\$1,194	\$1,028	\$613	\$523	\$558
22	\$1,077	\$927	\$553	\$472	\$503	\$1,194	\$1,028	\$613	\$523	\$558
23	\$1,077	\$927	\$553	\$472	\$503	\$1,194	\$1,028	\$613	\$523	\$558
24	\$1,077	\$927	\$553	\$472	\$503	\$1,194	\$1,028	\$613	\$523	\$558
25	\$1,081	\$931	\$555	\$474	\$505	\$1,199	\$1,032	\$615	\$526	\$560
26	\$1,103	\$950	\$566	\$483	\$515	\$1,223	\$1,053	\$628	\$536	\$571
27	\$1,129	\$972	\$580	\$495	\$527	\$1,252	\$1,078	\$643	\$549	\$584
28	\$1,171	\$1,008	\$601	\$513	\$547	\$1,298	\$1,118	\$666	\$569	\$607
29	\$1,205	\$1,038	\$619	\$528	\$563	\$1,336	\$1,151	\$686	\$585	\$624
30	\$1,223	\$1,052	\$628	\$536	\$571	\$1,356	\$1,166	\$696	\$594	\$633
31	\$1,248	\$1,075	\$641	\$547	\$583	\$1,384	\$1,192	\$711	\$607	\$646
32	\$1,274	\$1,097	\$654	\$558	\$595	\$1,413	\$1,216	\$725	\$619	\$660
33	\$1,290	\$1,111	\$663	\$566	\$602	\$1,430	\$1,232	\$735	\$628	\$668
34	\$1,308	\$1,126	\$672	\$573	\$610	\$1,450	\$1,249	\$745	\$635	\$676
35	\$1,316	\$1,133	\$676	\$577	\$614	\$1,459	\$1,256	\$750	\$640	\$681
36	\$1,325	\$1,141	\$680	\$581	\$618	\$1,469	\$1,265	\$754	\$644	\$685
37	\$1,334	\$1,148	\$685	\$584	\$622	\$1,479	\$1,273	\$760	\$648	\$690
38	\$1,342	\$1,155	\$689	\$588	\$627	\$1,488	\$1,281	\$764	\$652	\$695
39	\$1,359	\$1,170	\$698	\$596	\$635	\$1,507	\$1,297	\$774	\$661	\$704
40	\$1,377	\$1,185	\$707	\$603	\$643	\$1,527	\$1,314	\$784	\$669	\$713
41	\$1,402	\$1,207	\$720	\$615	\$655	\$1,555	\$1,338	\$798	\$682	\$726
42	\$1,427	\$1,229	\$733	\$625	\$666	\$1,582	\$1,363	\$813	\$693	\$738
43	\$1,462	\$1,258	\$751	\$641	\$682	\$1,621	\$1,395	\$833	\$711	\$756
44	\$1,505	\$1,295	\$773	\$659	\$702	\$1,669	\$1,436	\$857	\$731	\$778
45	\$1,555	\$1,339	\$799	\$682	\$726	\$1,724	\$1,485	\$886	\$756	\$805
46	\$1,616	\$1,391	\$830	\$708	\$754	\$1,792	\$1,542	\$920	\$785	\$836
47	\$1,684	\$1,449	\$865	\$738	\$786	\$1,867	\$1,607	\$959	\$818	\$872
48	\$1,761	\$1,516	\$904	\$772	\$822	\$1,953	\$1,681	\$1,002	\$856	\$911
49	\$1,838	\$1,582	\$944	\$805	\$858	\$2,038	\$1,754	\$1,047	\$893	\$951
50	\$1,924	\$1,656	\$988	\$843	\$898	\$2,133	\$1,836	\$1,096	\$935	\$996
51	\$2,009	\$1,729	\$1,032	\$880	\$938	\$2,228	\$1,917	\$1,144	\$976	\$1,040
52	\$2,103	\$1,810	\$1,080	\$921	\$981	\$2,332	\$2,007	\$1,198	\$1,021	\$1,088
53	\$2,197	\$1,892	\$1,128	\$963	\$1,026	\$2,436	\$2,098	\$1,251	\$1,068	\$1,138
54	\$2,300	\$1,980	\$1,181	\$1,008	\$1,074	\$2,550	\$2,195	\$1,310	\$1,118	\$1,191
55	\$2,402	\$2,068	\$1,234	\$1,053	\$1,121	\$2,663	\$2,293	\$1,368	\$1,168	\$1,243
56	\$2,513	\$2,163	\$1,291	\$1,101	\$1,173	\$2,786	\$2,398	\$1,431	\$1,221	\$1,301
57	\$2,625	\$2,260	\$1,348	\$1,150	\$1,225	\$2,911	\$2,506	\$1,495	\$1,275	\$1,358
58	\$2,745	\$2,363	\$1,409	\$1,203	\$1,281	\$3,044	\$2,620	\$1,562	\$1,334	\$1,420
59	\$2,804	\$2,414	\$1,440	\$1,229	\$1,309	\$3,109	\$2,677	\$1,597	\$1,363	\$1,451
60	\$2,923	\$2,517	\$1,501	\$1,281	\$1,365	\$3,241	\$2,791	\$1,664	\$1,420	\$1,514
61	\$3,027	\$2,606	\$1,554	\$1,326	\$1,413	\$3,356	\$2,890	\$1,723	\$1,470	\$1,567
62	\$3,095	\$2,664	\$1,589	\$1,356	\$1,445	\$3,432	\$2,954	\$1,762	\$1,504	\$1,602
63	\$3,180	\$2,737	\$1,633	\$1,393	\$1,484	\$3,526	\$3,035	\$1,811	\$1,545	\$1,645
64	\$3,231	\$2,782	\$1,659	\$1,416	\$1,508	\$3,583	\$3,085	\$1,840	\$1,570	\$1,672
65+	\$3,231	\$2,782	\$1,659	\$1,416	\$1,508	\$3,583	\$3,085	\$1,840	\$1,570	\$1,672

**Washington State Health Insurance Pool (WSHIP)
2023 Rate Increase**

PREFERRED PROVIDER PLANS (PPO Plans)

Area 1: King County

Age	Non-Smoker Rates Deductible					Smoker Rates Deductible				
	\$500	\$1,000	\$2,500	\$5,000	\$3,000	\$500	\$1,000	\$2,500	\$5,000	\$3000
0-14	3%	3%	6%	4%	0%	3%	3%	6%	4%	0%
15	3%	3%	6%	4%	0%	3%	3%	6%	4%	0%
16	3%	3%	6%	4%	0%	3%	3%	6%	4%	0%
17	2%	3%	6%	4%	0%	2%	3%	6%	4%	0%
18	3%	3%	6%	4%	0%	3%	3%	6%	4%	0%
19	3%	3%	6%	4%	0%	3%	3%	6%	4%	0%
20	3%	3%	6%	4%	0%	3%	3%	6%	4%	0%
21	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
22	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
23	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
24	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
25	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
26	3%	3%	6%	4%	0%	1%	1%	4%	2%	-1%
27	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
28	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
29	3%	3%	6%	4%	0%	1%	2%	4%	2%	-1%
30	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
31	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
32	3%	3%	6%	4%	0%	1%	1%	4%	2%	-1%
33	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
34	3%	3%	6%	4%	0%	1%	2%	4%	2%	-1%
35	3%	3%	6%	4%	0%	1%	1%	4%	3%	-2%
36	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
37	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
38	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
39	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
40	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
41	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
42	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
43	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
44	3%	3%	6%	4%	0%	1%	1%	4%	3%	-2%
45	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
46	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
47	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
48	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
49	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
50	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
51	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
52	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
53	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
54	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
55	3%	3%	6%	4%	0%	1%	2%	4%	3%	-2%
56	3%	3%	6%	4%	0%	1%	1%	4%	3%	-1%
57	3%	3%	6%	4%	0%	1%	1%	4%	3%	-2%
58	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
59	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
60	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
61	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
62	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
63	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
64	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%
65+	3%	3%	6%	4%	0%	1%	2%	4%	3%	-1%

**WSHIP Medicare Plans
2023 Rate Development**

STANDARD RISK RATE

Over 65		2021	Plan F Rate	Plan F Rate	Plan F Rate	Avg Annl	Trend To Trended		
Plan F	Carrier	Plan	Avg Mems	7/20	7/21	7/22	Trend	7/23	SRR
	UHC AARP	F	116,880	\$242	\$254	\$264	4.4%		
	Regence	F	49,184	\$225	\$236	\$242	3.7%		
	United World	F	22,723	\$294	\$323	\$273	-3.6%		
	Loyal Amer	F	15,805	\$266	\$287	\$310	8.0%		
	Humana	F	13,301	\$225	\$236	\$277	11.0%		
	Wtd Avg		217,894	\$244	\$258	\$264	4.0%	1.040	\$274.60

Plan G		2021	Plan F Rate	Plan G Rate	Plan G Rate	Avg Annl	Trend To Trended	
Carrier	Plan	Avg Mems	7/20	7/21	7/22	Trend	7/23	SRR
UHC AARP	G	116,880	\$200	\$210	\$218	4.4%		
Premera	G	44,195	\$194	\$189	\$191	-0.8%		
Regence	G	49,184	\$188	\$188	\$191	0.8%		
United World	G	22,723	\$221	\$243	\$198	-5.3%		
Loyal Amer	G	15,805	\$195	\$219	\$237	10.2%		
Wtd Avg		248,788	\$198	\$206	\$207	2.3%	1.023	\$211.94

Under 65		2021	Over 65	Under 65	
Carrier	Plan	Avg Mems	6/22	6/22	Ratio
United Amer	B	2,304	\$244	\$459	1.88
HCA Premera	G	44,195	\$189	\$321	1.70
Wtd Avg		46,499	\$192	\$328	1.71

WSHIP 2023 RATE DEVELOPMENT

- Medical Supplement (open) Covers medical plus Part B drugs only, does not cover Part B deductible
- Basic (closed) Covers medical plus Part B drugs only, covers Part B deductible
- Basic Plus (closed) Same as Basic + 100% of Part D member share
- BP LI Level 1 (closed) Same as Basic Plus but benefit supplemented is copays of \$3.95/\$9.85
- BP LI Level 2 (closed) Same as Basic Plus but benefit supplemented is deductible of \$99 plus 15% coinsurance

		Medical Supplement	Basic	Basic Plus	Basic Plus Low Income 1	Basic Plus Low Income 2
Over 65	SRR	\$211.94	\$274.60	\$274.60	\$274.60	\$274.60
	Adj for WSHIP Bens	(\$0.53)	(\$0.69)	(\$0.69)	(\$0.69)	(\$0.69)
	Part D Supplement	\$0	\$0	\$158.87	\$21.56	\$79.58
	Subtotal	\$211.41	\$273.92	\$432.79	\$295.48	\$353.50
	Multiplier	1.50	1.50	1.50	1.10	1.10
	Rate	\$317.12	\$410.88	\$649.18	\$325.03	\$388.85

2022 Rate	\$324.24	\$414.88	\$646.24	\$326.81	\$389.08
Rate Change	-2.2%	-1.0%	0.5%	-0.5%	-0.1%
Count - June 2022	48	164	75		

Under 65	Subtotal	\$211.41	\$273.92	\$432.79	\$295.48	\$353.50
	Age Adjustment	1.71	1.71	1.71	1.71	1.71
	Subtotal	\$361.50	\$468.38	\$740.04	\$505.25	\$604.46
	Multiplier	1.10	1.10	1.10	1.10	1.10
	Rate	\$397.65	\$515.22	\$814.04	\$555.77	\$664.90

2022 Rate	\$407.43	\$521.33	\$812.06	\$560.01	\$666.70
Rate Change	-2.4%	-1.2%	0.2%	-0.8%	-0.3%
Count - June 2021	154	313	30		