



Geographic Rating Analysis of 2023-2024 Affordable Care Act Health Insurance Plans in Maine

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Introduction

This report presents an analysis required by Public Law Chapter 655, An Act To Make Individual and Small Group Health Insurance More Affordable in Certain High-premium Counties. The report provides information on the historic geographic factors used by carriers for individual and small group health insurance plans; the required change to a 1.25 factor for 2024; and the impact the change has had on the 2024 rates. The report provides examples of the difference in premium rates between plan years 2023 and 2024, for several plans in each geographic rating area.

Background

Using characteristics such as age, plan design, and geography, health insurance carriers price products to reflect anticipated claim costs and provide competitive products. The age factors are set by the Centers for Medicare and Medicaid Services/Consumer Information and Insurance Oversight (CMS/CCIIO) and are the same for every carrier selling individual and small group Affordable Care Act (ACA) plans. Plan factors include the benefit coverage and cost-sharing levels in the plan.

Carriers may also vary premium rates based on the geographic region in which the plan is sold, to reflect differences in claim costs by area. According to a National Association of Insurance Commissioners (NAIC) issue brief entitled “Rate Regulation,” states often regulate insurers’ use of rating factors through rate banding to preserve “the pooling of risk between low-cost and high-cost individuals, [which is] the core function of insurance.”¹ Current Maine law restricts geographic area rating factors to a 1.25 to 1 rating band in the individual and small group markets. Previously, carriers were allowed to use a 1.5 to 1 geographic rating band.

Each carrier has a slightly different approach to setting their geographic rating factors, but all the carriers take into consideration hospital costs, provider contracts, and competitive concerns.

Loss ratios by county may be an indication of whether factors should be adjusted relative to the other counties; however, loss ratios can differ from county to county for reasons other than differences in medical costs. For example, if the carrier covers an older population in one county than in another, that will increase the loss ratio if premiums do not fully reflect the extra cost of older members due to rating band restrictions. Loss ratios are used by some carriers as a secondary factor to supplement their analysis of hospital claim costs and provider contracts. Also, some carriers purchase outside data from consultants or industry to supplement their own, especially in areas where they have fewer policies.

Maine has four carriers selling individual plans on the state exchange: Anthem, Harvard, Maine Community Health Options (MCHO) and Taro Health. Three carriers sell plans in all counties, and Taro Health will only be selling in Cumberland, Sagadahoc, Lincoln and York for 2024. We have not considered the geographic rating for Taro Health because they were new to the market in 2023 and

¹ https://content.naic.org/sites/default/files/naic_archive/topics_health_insurance_rate_regulation_brief.pdf.

have plans available in a limited number of counties. Maine has additional carriers primarily selling to small employer groups. They are: Aetna Life with preferred provider plans (PPO), Aetna Health with health maintenance organization plans (HMO), Harvard Pilgrim (HPHC) PPO, and UnitedHealthcare (UHC). Some of these carriers write both PPO and HMO types of coverage if not specified in the report.

Some types of plans are not available in all counties depending on contracting or provider arrangements with the carriers. For example, Area 4 may not have the same type of plans offered by a carrier as in Area 1. This may be due to provider availability and negotiations with those providers by the carriers.

Advanced Premium Tax Credits (APTC) do vary by geographic area and age so that an individual would receive more premium subsidy to reflect higher premiums charged for their age and geographic area. Subsidies are set by CMS/CCIIO using the second lowest cost Silver plan offered in the geographic area, and the individual's age.

Historic Geographic Rating Factor Spread Changes

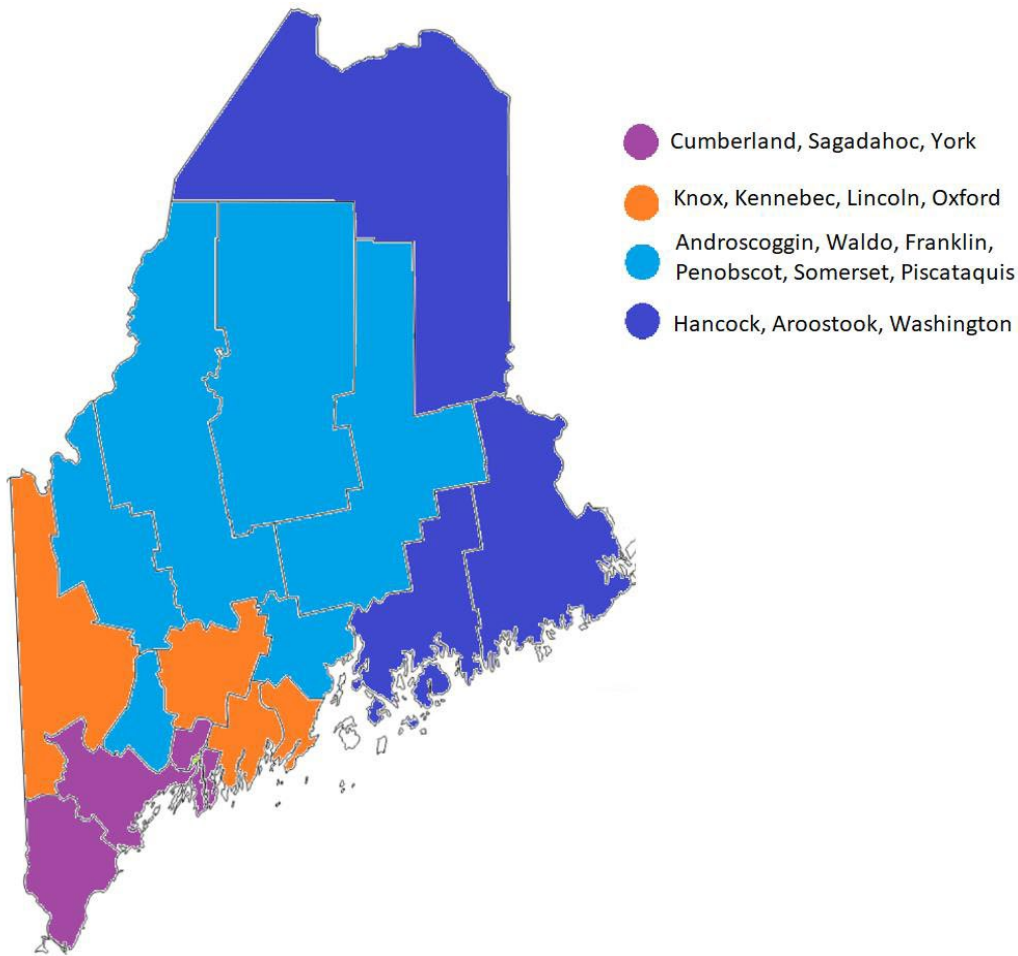
Each year, carriers submit rate filings to the Bureau of Insurance for approval, with proposed geographic area rating factors. Below are tables showing the historic geographic area factor spread for the individual and small group health insurance market filed for 2023 and 2024. The spread indicates the difference between the lowest and highest geographic area factors and the percent of additional premium charged in the higher cost areas. The carriers listed below for the individual market are those offering plans across the entire state on the state exchange. Carriers that were above the 1.25 spread in 2023 were required to adjust their geographic area factors for 2024 due to the new restriction in the Maine statute.

Area Factor Spread		
Individual and Small Group	2023	2024
Aetna-HMO	1.160	1.189
Aetna- PPO	1.400	1.189
Anthem	1.299	1.250
Harvard - HMO	1.309	1.250
HPHC - PPO	1.309	1.250
MCHO	1.280	1.247
UHC	1.181	1.181

The table below demonstrates the recent percentage change by carrier to their geographic rating factor spreads.

Change in Area Factor Spread			
Individual	2022	2023	2024
Anthem	0.0%	0.1%	-4.9%
Harvard-HMO	-4.2%	-5.1%	-5.9%
MCHO	-9.0%	-10.7%	-3.3%
Small Group	2022	2023	2024
Aetna-HMO			+2.9%
Aetna- PPO	0.0%	0.0%	-21.1%
Anthem	-2.0%	-2.6%	-4.9%
Harvard	0.0%	-9.3%	-5.9%
HPHC	0.0%	-9.3%	-5.9%
MCHO	-9.0%	-10.7%	-3.3%
UHC	0.0%	0.0%	0.0%

Geographic Area Factor Changes



Geographic Service Area	Counties Included
1	Cumberland, Sagadahoc, York
2	Kennebec, Knox, Lincoln, Oxford
3S	Androscoggin, Franklin, Waldo
3N	Penobscot, Somerset, Piscataquis
4	Aroostook, Hancock, Washington

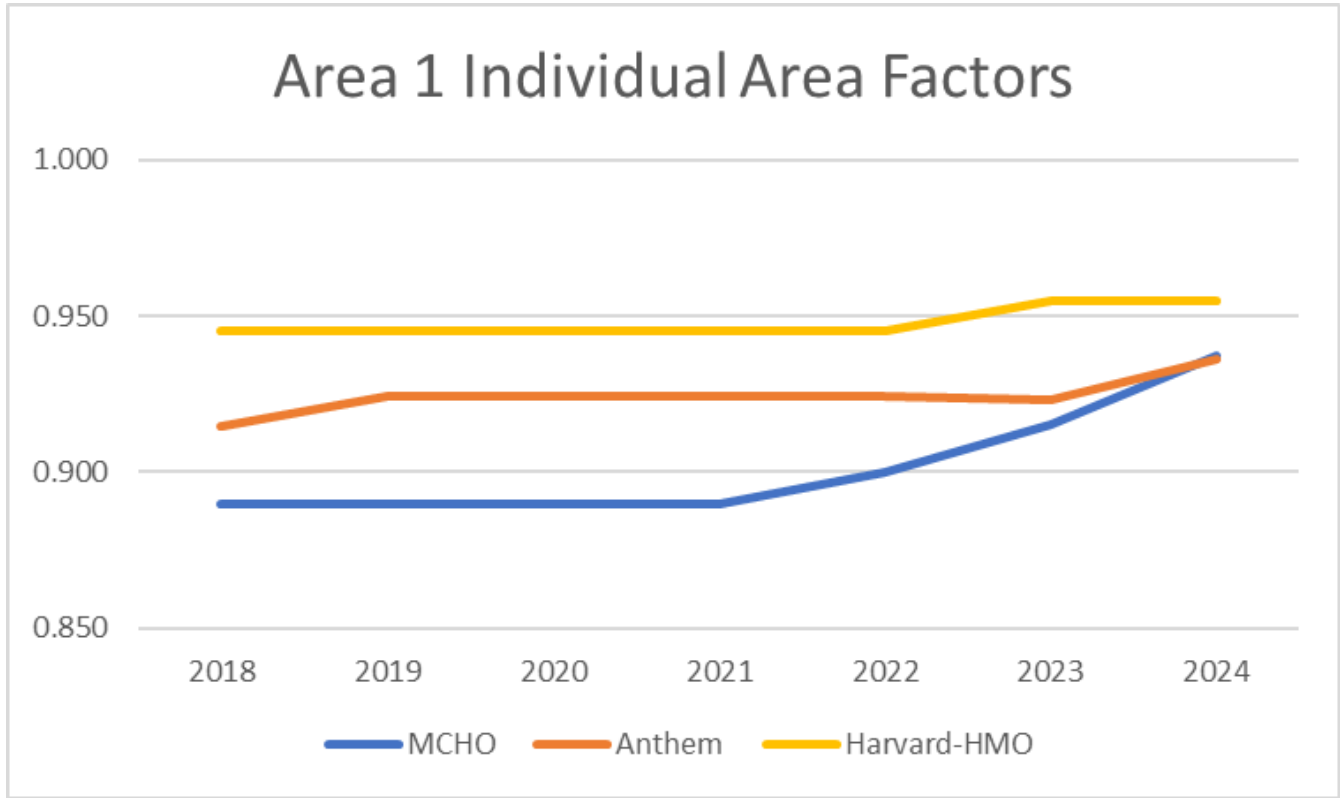
Area 3 is split due to differences in plans and provider networks offered by carriers in certain counties within the geographic service area designated by CMS/CCIIO and the Bureau of Insurance.

The percent change in area factors for the individual and small group markets from 2023 to 2024 are shown in the table below.

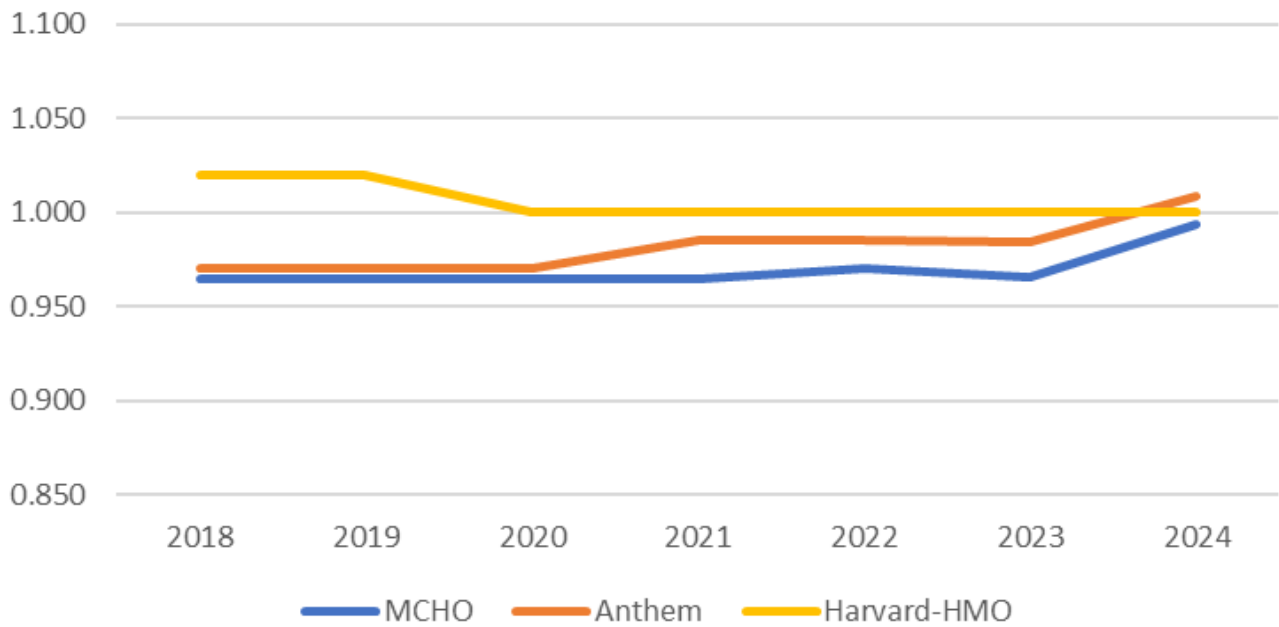
Individual and Small Group Merged Market				
Carrier	Area 1	Area 2	Area 3	Area 4
Aetna Life - PPO	+6.8%	+4.6%	-2.8%	-10.7%
Aetna Health - HMO	+6.8%	+8.6%	+14.5%	+10.0%
Anthem	+1.4%	+2.4%	+3.5%	-2.9%
Harvard	0%	0%	0%	-5.6%
MCHO	+2.4%	+2.8%	+2.5%	-0.2%
UHC	0%	0%	0%	0%

Notes: MCHO adjusted their factor for area 4 in previous years so the adjustment in 2024 was slight.
Aetna HMO and PPO did not sell individual plans in area 4 prior to the merged market.

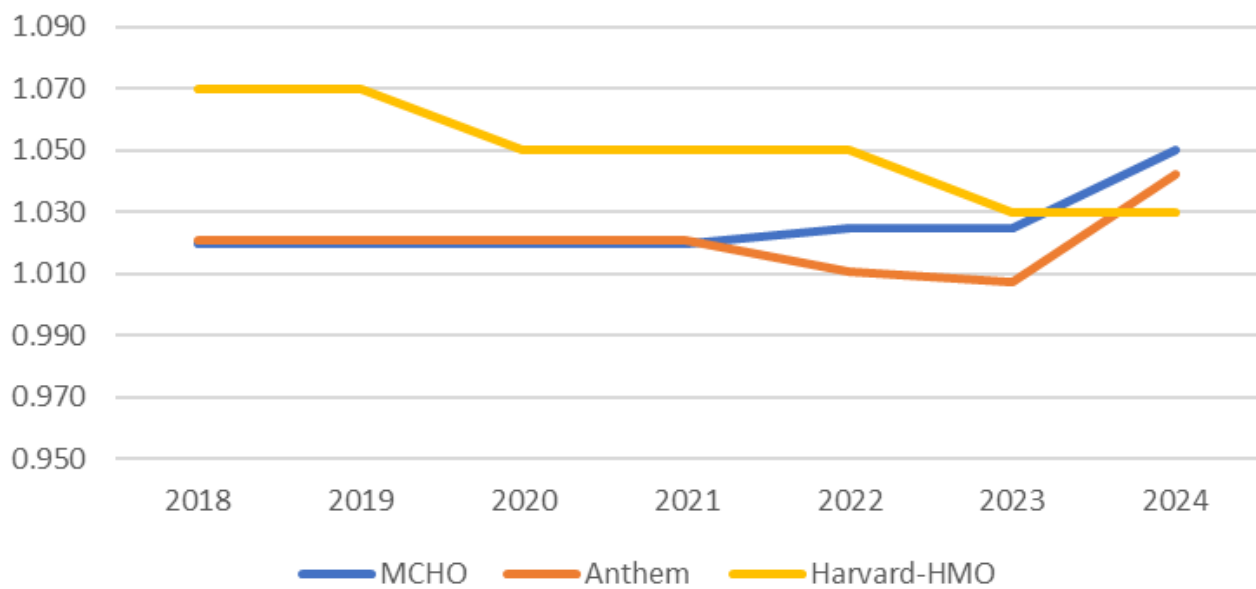
The historic geographic area factors for the individual and small group markets from 2018 to 2024 are shown in the graphs below.

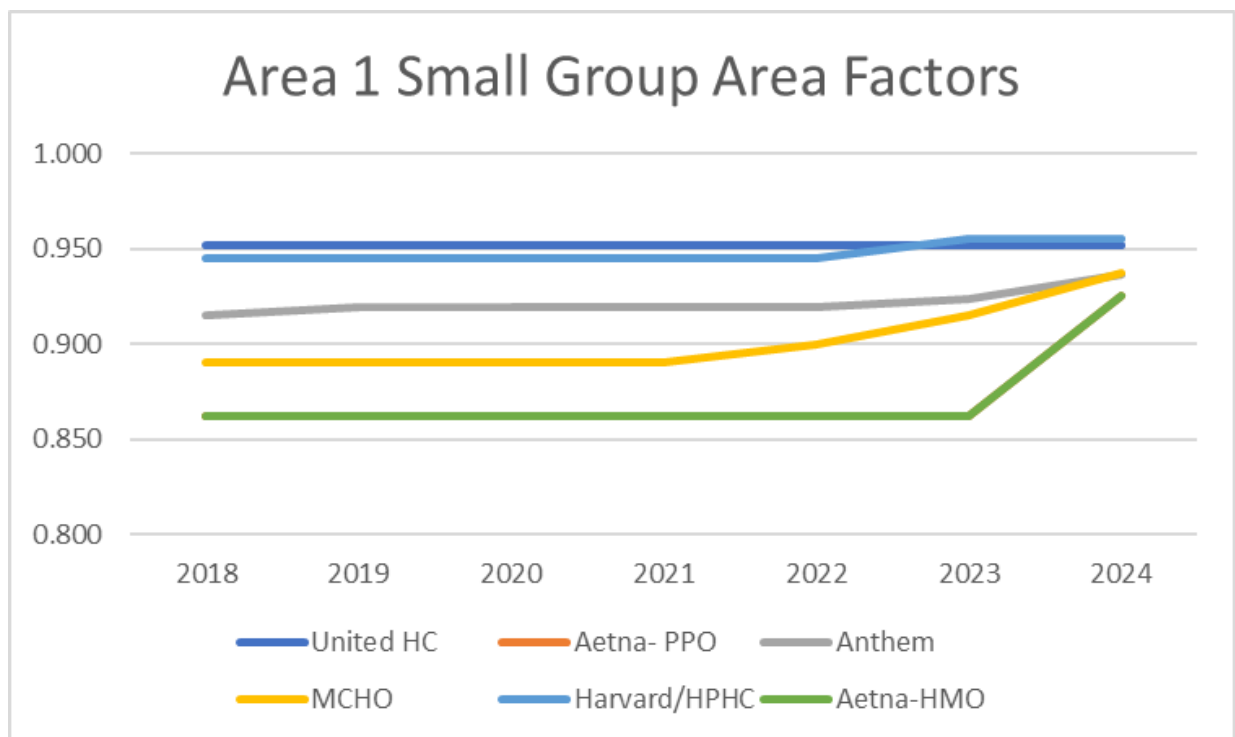
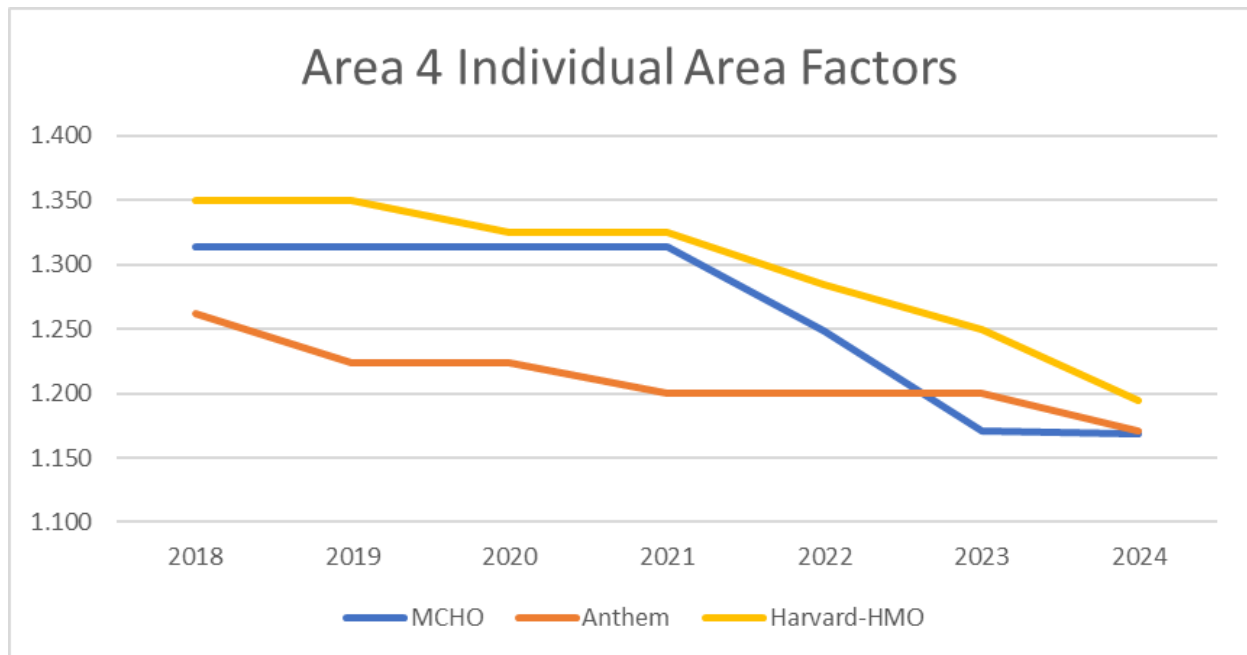


Area 2 Individual Area Factors



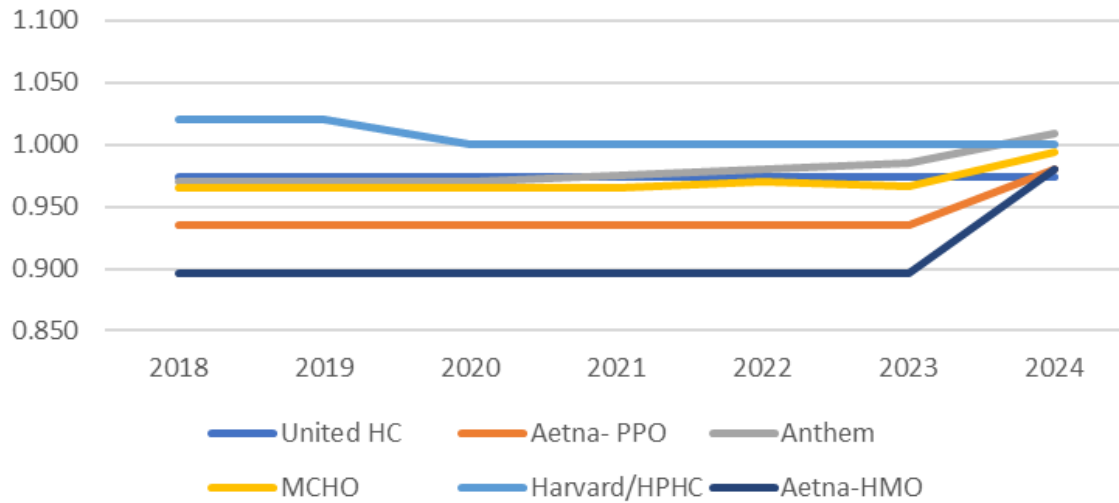
Area 3 Individual Area Factors



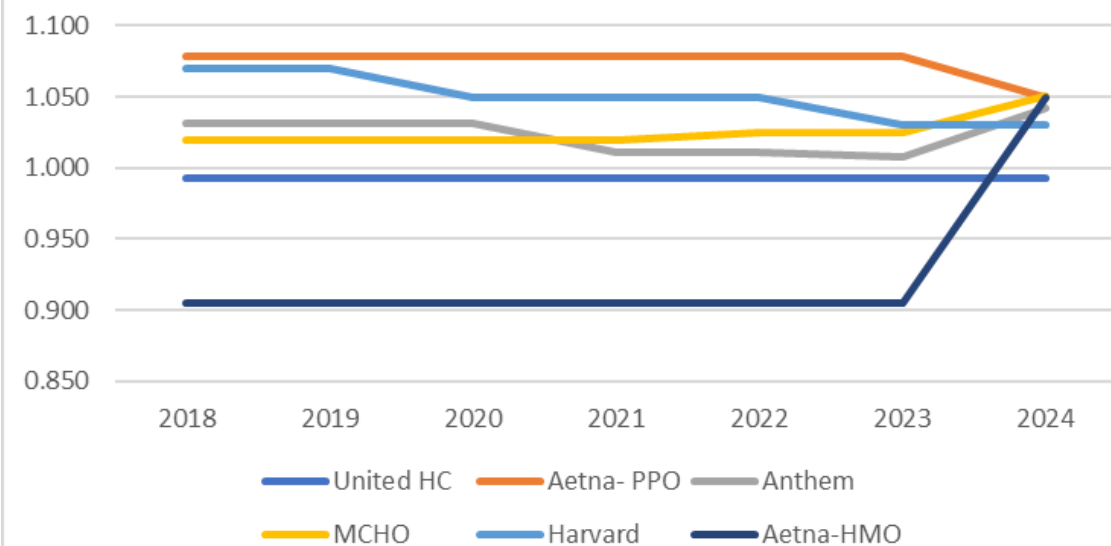


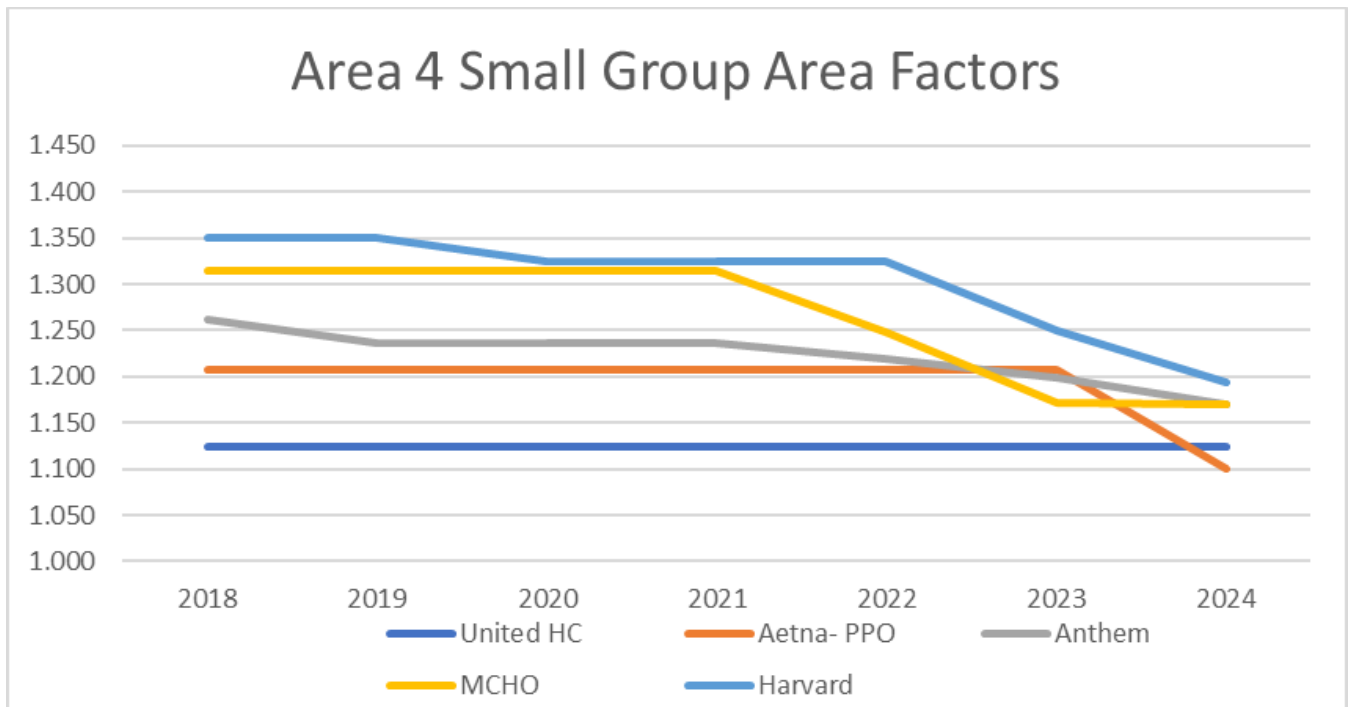
Note: Aetna HMO and PPO have identical geographic factors for Area 1 so only shows as a green line.

Area 2 Small Group Area Factors



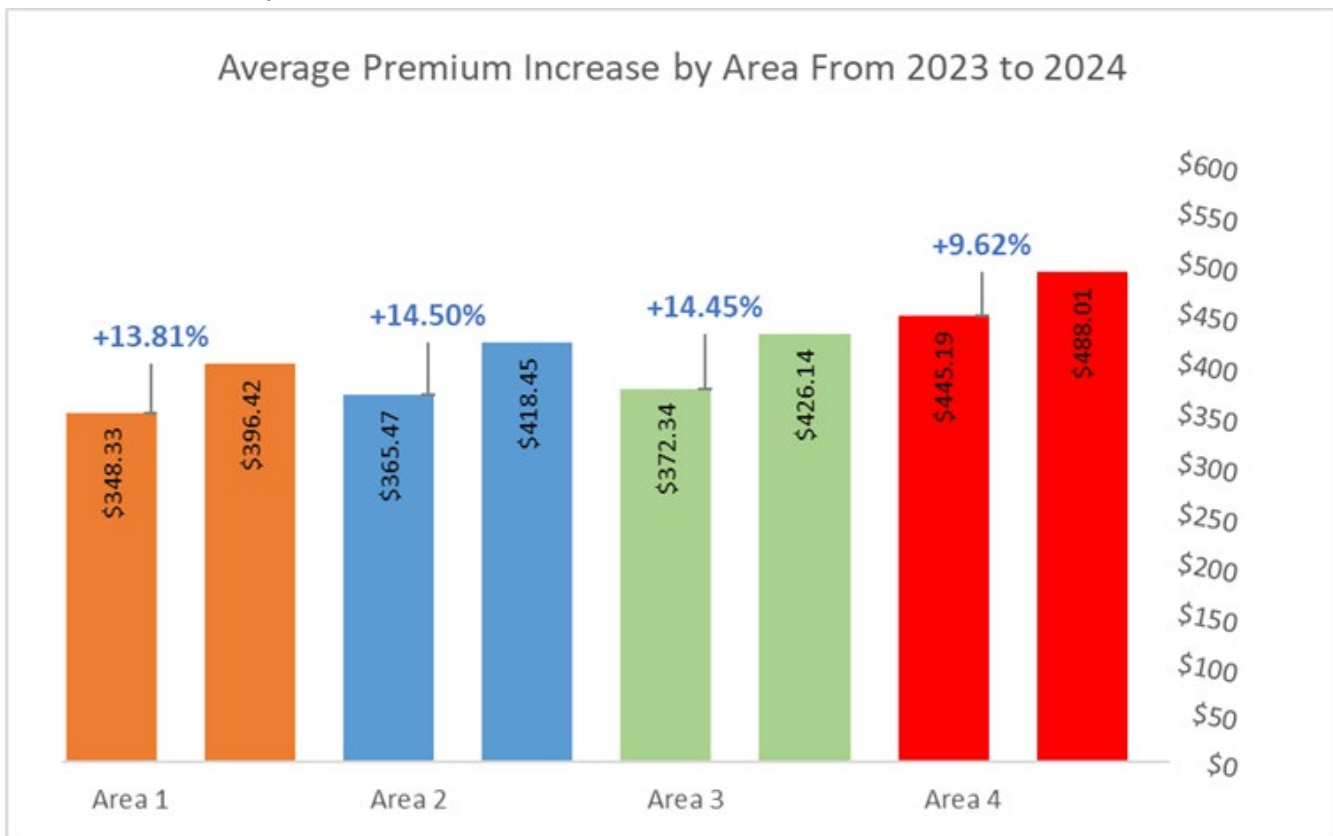
Area 3 Small Group Area Factors





Note: Aetna HMO plans were not available in Area 4 until 2023.

Premium Examples



For the premium examples below, a 40-year-old individual living in each of the geographic areas would be charged the following premium without consideration of Advanced Premium Tax Credits (APTC). The 2024 premium table also shows the percent change from the 2023 premium. These premium amounts are taken from the Bureau of Insurance Rate Calculator.

Catastrophic plan

2023	Area 1	Area 2	Area 3S	Area 3N	Area 4
Anthem HMO	\$241.26	\$257.30	\$256.65	\$263.29	\$305.44
Harvard	\$272.59	\$285.44	\$294.00	\$294.00	\$356.80
MCHO	\$250.09	\$264.03	\$280.16	\$280.16	\$320.06

2024	Area 1	Area 2	Area 3S	Area 3N	Area 4
Anthem HMO	\$276.50	\$297.84	\$307.78	\$301.80	\$338.88
Increase from 2023	14.6%	15.8%	19.9%	14.6%	10.9%
Harvard	\$304.78	\$319.15	\$328.72	\$328.72	\$380.96
Increase from 2023	21.9%	20.9%	17.3%	17.3%	19.0%
MCHO	\$275.80	\$292.38	\$308.96	\$308.96	\$343.93
Increase from 2023	10.3%	10.7%	10.3%	10.3%	7.5%

Clear Choice Bronze \$7,500 deductible plan

2023	Area 1	Area 2	Area 3S	Area 3N	Area 4
Anthem - Tiered	\$370.86	\$395.52	\$404.72	\$395.35	\$470.69
Harvard	\$405.88	\$425.01	\$437.76	\$437.76	\$531.26
MCHO – PPO NE	\$364.18	\$384.48	\$407.97	\$407.97	\$466.08

2024	Area 1	Area 2	Area 3S	Area 3N	Area 4
Anthem – Tiered HMO	\$416.55	\$448.69	\$463.67	\$454.62	\$510.47
Increase from 2023	11.60%	12.70%	13.80%	14.99%	6.50%
Harvard HMO	\$471.02	\$493.22	\$508.01	\$508.01	\$588.75
Increase from 2023	16.0%	16.0%	16.0%	16.0%	10.8%
MCHO PPO NE	\$428.38	\$454.13	\$479.88	\$479.88	\$534.19
Increase from 2023	17.6%	18.1%	17.6%	17.6%	14.6%

Clear Choice Silver \$5,500 deductible plan

2023	Area 1	Area 2	Area 3S	Area 3N	Area 4
Aetna Health HMO	\$460.11	N/A	\$483.06	N/A	N/A
Aetna Life PPO	\$508.17	\$551.21	\$635.51	\$634.51	\$635.51
Anthem - Tiered	\$430.10	\$458.70	\$469.37	\$463.85	\$552.24
Harvard	\$445.49	\$466.48	\$538.58	\$538.58	\$653.62
MCHO – off exchange NE w/ Dental	\$381.92	\$403.21	\$467.61	\$427.84	\$516.36
UHC HMO	\$440.14	\$450.55	\$459.39	\$459.39	\$519.66
UHC POS	\$478.35	\$489.67	\$499.27	\$499.27	\$564.77

2024	Area 1	Area 2	Area 3S	Area 3N	Area 4
Aetna Health HMO	\$524.15	\$555.32	\$594.99	\$594.99	\$623.32
Increase from 2023	13.9%	N/A	23.17%	N/A	N/A
Aetna Life PPO	\$530.84	\$562.40	\$602.57	\$602.57	\$631.27
Increase from 2023	23.4%	22.6%	28.4%	29.9%	14.3%
Anthem – Tiered HMO	\$479.92	\$516.95	\$534.21	\$523.72	\$588.07
Increase from 2023	11.6%	12.7%	13.8%	12.9%	6.5%
Harvard HMO	\$570.60	\$597.48	\$615.41	\$543.17	\$629.49
Increase from 2023	28.1%	28.1%	14.3%	0.9%	-3.7%
MCHO – Off exchange NE w/ Dental HMO	\$495.41	\$478.11	\$505.22	\$505.22	\$562.40
Increase from 2023	29.7%	18.6%	18.1%	18.1%	8.9%
UHC HMO	\$513.19	\$525.32	\$535.62	\$535.62	\$605.90
Increase from 2023	16.6%				
UHC POS	\$559.06	\$572.28	\$583.51	\$583.51	\$660.07
Increase from 2023	16.9%				

Conclusion

The geographic rating for area 4 health insurance plan premiums continues to be priced higher than the other rating areas. Carriers adjusted their rating for 2024 to the 1.25 spread required by reducing the factor for area 4 but often raising factors for other areas to create revenue neutral pricing. The additional premium charged in area 4 is also related to the type of plans offered and carrier competition in those counties. Taro Health and Aetna HMO are not offering plans in area 4 yet. Notably, carriers Aetna and United Healthcare that focus on small group plans have geographic rating spreads lower than the maximum allowable 1.25.

For most carriers, premium increases for Areas 1-3 were higher than for Area 4, between 2023-2024, due to those carriers adjusting their geographic area factors in compliance with the requirement for a

1.25 spread. Policyholders receiving advanced premium tax credits (APTC) will not be as impacted as those without APTC because as plan premiums increase so do the subsidies since geographic rating differences are taken into account.

During annual rate reviews, the Bureau of Insurance will continue to question and evaluate geographic rating submitted for approval by carriers.