

Part II: Written Justification of Rate Increase
Celtic Insurance Company
Individual Rate Filing
Effective January 1, 2024
Forms: 99723MO009, 99723MO011, 99723MO014

2024 Premium Rate Change and Key Drivers of the Change

Celtic Insurance Company's proposed rate change is 4.4% and it applies to 117,512 members. The biggest drivers for the rate increase are the increase in cost of medical services and the increased use of medical services.

A Brief Description of the Overall Experience of the Policy

Celtic began business in Missouri in 2018, with plans offered in 40 counties; Celtic will be offering plans in 109 counties for 2024. Premium rates were reduced in 2023 and will be increased in 2024.

We expect this, in addition to rising claim costs, to increase the estimated 2022 Medical Loss Ratio (MLR) of 79.9% to 85.0% for 2024. The MLR describes the percentage of premium payments used to pay medical claims and to improve the quality of care. Our estimate for 2023 is that 85.0% of premiums paid to Celtic will be used to pay member claims and support activities that improve the quality of the care we offer.

Description of the Process Used to Develop the 2024 Premium

Our 2024 estimates were developed using 2022 claims and other information available through 3/31/2023, taking into account the following:

- Our 2022 claim cost was \$468.42 per member per month. This is the average monthly amount of money paid in claims for each member.
- Risk Adjustment and Statewide Average Premium - As part of the Affordable Care Act (ACA), if an insurer provides insurance to sicker people, that insurer receives money from the other insurers who provided insurance to healthier people. Our 2022 program result was used to help us set our estimate for 2024.
- Increased use of medical services - In general, insured people use more medical services over time, due in part to new treatments becoming available.
- Benefit Design - There were no changes in benefits compared to 2023.
- Cost Sharing Reduction (CSR) Subsidies - "Cost Sharing Reduction" requires us to reduce the share of medical costs that low-income members pay when they have coverage with a Silver plan.
- Administrative expense - Administrative expenses include employee pay, office expenses, and other business costs. They do not include payment for our members' medical services or taxes and fees. Administrative fees have increased from \$69.51 per member per month (PMPM) in 2022 to \$73.00 PMPM in 2024