

Written Description Justifying the Rate Increase

HMO Colorado, Inc.
Consumer Disclosure for Proposed Health Insurance Rate Increase
Individual Plans
Rate Change Effective January 1, 2025

Scope and Range of the Rate Increase

HMO Colorado, Inc. has made an application to the Colorado Division of Insurance for premium rate changes for its fully ACA-compliant individual health plan products. This change will impact approximately 94,000 Colorado insured members renewing in 2025. At the individual plan level, rate changes range from -19.3% to 9.3%. A subscriber's actual rate could be higher or lower depending on the geographic location, age characteristics, dependent coverage and other factors.

Financial Experience

HMO Colorado, Inc. expects the proposed rate change will cover projected medical trends and yield a medical loss ratio of 84.1%, meaning over 84 cents of each premium dollar are expected to go to covering our members' medical expenses and improving health care quality. This projected MLR exceeds the minimum MLR requirement of 80% as defined in the Affordable Care Act (ACA). In the event HMO Colorado's MLR is less than the Federal required minimum for a three year period, it will refund the difference to policyholders, consistent with federal regulations.

Drivers of Rate Increase

The primary drivers of premium increases are associated with increased cost of benefit expense for this ACA compliant block. Increased cost of benefit expense is driven by increases in the price of services primarily from hospitals, physicians and pharmacies, coupled with members increasing their use of health care services, also called "utilization". Increases in the price of services are driven by technological advances, new specialty medications, and a variety of other factors. Increased utilization is driven by member level utilization and selection patterns in the Guaranteed Issue, Community Rated ACA market.

Efforts to Control Costs

HMO Colorado, Inc. is committed to working to hold down the cost of insurance and price the Individual ACA market for long term sustainability. We are dedicated to working with our members to find health coverage plans that are the most appropriate, beneficial, and affordable for their needs. And we provide members with tools to make informed decisions about where and how to receive treatment. In addition, we are investing in initiatives to reduce the cost of care, to promote wellness and preventative care, and encourage providers to deliver high-quality, evidence-based care.