

Cigna Health and Life Insurance – Notice of Noncompliance

1. Introduction

A. Cigna Colorado Option Plans that Do Not Meet Premium Rate Reductions

Cigna Health and Life Insurance Company (“Cigna”) offers a number of Colorado Public Option Plans. At this time, Cigna anticipates that it will not meet the premium rate reduction target for Plan Year (“PY”) 2026 for any of its plans. This includes: Cigna Connect Colorado Option Gold, Silver, and Bronze Plans in Rating Areas 1, 2, 3, 4 and 6.

Below Cigna identifies the factors that are causing its inability to meet the Premium Rate Reduction required for Colorado Public Option Plans in PY 2026. Consistent with the requirements of CRS 4-2-92, Cigna identifies the factors below as well as the steps it can take to come into compliance.

B. Causes for Cigna’s Inability to Meet the Premium Rate Reduction Required for Colorado Option Plans for Plan Year 2026

There are three reasons that Cigna is unable to meet the premium rate reduction target for PY 2026, utilization trend, the impact of facility-only cost controls, and lapsing enhanced Advanced Premium Tax Credits (APTC).

First, the trends that Cigna uses for consumer pricing incorporate actual observed utilization trend and unit cost trend. While unit cost trend was a key factor in setting premium reduction targets, utilization trend was not explicitly considered. Over the five-year period from 2021 to 2026, utilization has averaged 2.4% annually, directly impacting overall cost growth. This sustained level of healthcare usage has limited the potential for premium reductions. As a result, using the calculation required by law, if Cigna’s premium rate reduction were to meet the state’s targets for PY 2026, its premiums would not be appropriately or responsibly priced based on actual observed utilization trend.

Secondly, although facility reimbursement floors were implemented, 40% of total healthcare spending is attributed to professional services, pharmacy, and other medical services—none of which are subject to these reimbursement constraints. These categories have experienced unit cost trends exceeding 5% annually, eroding any potential savings achieved through facility cost controls.

Finally, and most impactfully, the expiration of enhanced APTC under the American Rescue Plan Act (ARPA) is expected to disproportionately impact lower-income members, a population with historically lower morbidity. Projections indicate a 10% average morbidity increase, leading to a proportional rise in premiums from 2025 to 2026.

C. Summary of Actuarial Analysis

The Actuarial Analysis Memo prepared by Cigna includes details about the projection factors used, the trend methodology used by Cigna for pricing, including both unit cost trend and utilization trend, any adjustments to trend made in Cigna's pricing calculations, impacts of reinsurance and risk adjustment on pricing, and an explanation on the development of Colorado Option Template Calculations.

D. Proposed Steps to Allow Cigna to Meet Premium Rate Reduction

As explained in Section 1.B above, Cigna would be more likely to reach the target premium reduction rate if the target reductions incorporated actual observed utilization trend. Additionally, we would like to reiterate that evaluating contract reimbursement as a percent of Medicare is generally an estimate, as we don't precisely base contracting rates on what Medicare pays. Instead, we use analytic solutions to estimate what Medicare would pay and solve for percent of Medicare, but this estimate could change based on changes to the utilization patterns of the underlying population. Therefore, some discretion is warranted on provider rates with respect to the floor. Secondly, we suggest that legislation target professional services, pharmacy, and other medical services outside of facility only controls. Finally, the permanent application of enhanced APTCs would have a significant impact on premium rates.

2. Hospital/Health-Care Provider Details

Pursuant to the Colorado Option Premium Rate Reduction Filing Procedures, see Hospital/Healthcare Provider Negotiated Rate Template.

3. Material Provider Premium Impact Template

Pursuant to the Colorado Option Premium Rate Reduction Filing Procedures, see Material Provider Premium Impact Template.

4. Unredacted Colorado Option Standardized Plan Rate Sheets

Pursuant to the Colorado Option Premium Rate Reduction Filing Procedures, see as filed unredacted rate templates for PY 2025 and the currently available rate amendments for PY 2026, if applicable.

5. Nonbinding Arbitration Statement

Cigna did not engage in nonbinding arbitration with any hospital prior to this filing. As Cigna has not identified any hospital as a reason why it is unable to meet the premium rate reduction target, it has not needed to determine hospital consent to participation in negotiation and settlement under Section 12 of Insurance Regulation 4-2-92.