

Notice Of Noncompliance

Select Health

1. Introduction

A. The number of Colorado Options plans, across each metal level and by county, which are noncompliant with the premium rate reduction requirements.

Select Health has one Colorado Option plan in each metal level (Gold, Silver and Bronze) offered in the Individual market in 19 counties that will not meet the premium reduction targets.

B. Summary of the reasons the carrier failed to meet the premium rate reduction requirements on Colorado Option plans.

Select Health entered the Individual market on January 1, 2024.

The premium targets for a new entrant that are being applied to Select Health were developed from an average premium based on membership-weighted enrollment by carrier, metal level and county as of April 2021. In April of 2021, there were several carriers in the Colorado market who have since exited the market due to solvency problems. The premium targets have not been updated to reflect these carriers having left the Individual market.

Trends used for the premium targets are based on the medical CPI. The CPI is a historical cost trend based on a fixed basket of services. The CPI does not take into consideration new technology, new treatments and new prescription drugs which can cost significantly more than existing ones. Utilization trend is ignored in the development of the premium targets by the sole use of a medical CPI. The CPI does not take into consideration deductible leveraging. Therefore, the trend being applied to the target premiums is inadequate.

The actual 2025 enrollment for Select Health is different than the projected membership distributions by metal level, by CSR level, and by Colorado Option plan enrollment vs non-Colorado Option plan enrollment that were used to develop the 2025 premium rates. The change in the distributions from projected enrollment to actual enrollment is impacting the rates for 2026.

C. Ability to come into compliance with the requirements.

Select Health does not see a path forward to meeting the requirements while providing actuarially sound premiums.

2. Hospital/ Health Care Provider Details

The Hospital/Healthcare Provider Negotiated Rate Template has been submitted and includes all in-network providers in Colorado that met the 0.15% threshold to be determined a material provider.

3. Material Provider Premium Impact

The Material Provider Premium Impact Template has been submitted.

4. Unredacted Colorado Option Standardized Plan Rate Sheets

The Colorado Option Standardized Plan Rate Sheets are submitted.

5. Nonbinding Arbitration Statement

Not applicable.