



Illinois Department of Insurance

JB PRITZKER
Governor

ANN GILLESPIE
Acting Director

November 1, 2024

Celtic Insurance Company
200 E. Randolph St., Ste. 3600
Chicago, IL 60601
Transmitted via SERFF

**RE: Proposed Premium Rates for Plan Year 2025 in the Non-Grandfathered Individual Market
- SERFF Tracking No. CELT-134074669**

Dear Celtic Insurance Company:

This letter provides my determination on behalf of the Illinois Department of Insurance (“Department”) regarding your proposed premium rates for the above-captioned market and plan year pursuant to 215 ILCS 5/355, 50 Ill. Adm. Code 2026, and 45 C.F.R. Part 154.

The Department received your initial rate filing submission on May 31, 2024. The Department posted the non-confidential portions of the initial rate filing on our public website and solicited public comments as described in 215 ILCS 5/355(d)-(e) and 50 Ill. Adm. Code 2026.70.

The Department appointed an actuarial firm, Risk & Regulatory Consulting, LLC (“RRC”), to assist Department staff in reviewing your initial rate filing, the related public comments, and any revisions you made to the rate filing or other correspondence with your representatives about this filing during the review process. Under 215 ILCS 5/355, the purpose of the review process was to enable the Department to determine whether any of your proposed rates would constitute an “unreasonable rate increase” as defined in 45 C.F.R. § 154.205. RRC has provided the Department a “Plan Year 2025 Public Rate Filing Decision Summary for Individual and Small Group ACA-Compliant Plan”, attached hereto, which contains the firm’s recommendation regarding the reasonability of your proposed rates and includes the firm’s findings, actuarial justifications, and rationale.

Having consulted with qualified personnel employed and retained by the Department, and based on the contents of the rate filing and related public comments, I hereby adopt RRC’s enclosed findings, actuarial justifications, and rationale as my own. Pursuant to 215 ILCS 5/355 and 50 Ill. Adm. Code 2026, I have determined that your currently proposed rates for Plan Year 2025 in the Non-Grandfathered Individual Market do not constitute an unreasonable rate increase.

Sincerely,

Ann Gillespie
Acting Director of Insurance

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Plan Year 2025 Public Rate Filing Decision Summary for Individual and Small Group ACA-Compliant Plans

The Illinois Department of Insurance (IDOI) engaged Risk & Regulatory Consulting, LLC (RRC) to assist in the actuarial review of rates filed by certain insurance carriers that provide individual and small group health insurance benefits to residents of the State of Illinois. Their scope of work involved reviewing the filing, reviewing any public comments submitted on the filing, preparing objection questions for additional information as needed, and providing their observations and opinion. Their actuarial review is not intended to serve as the basis for actual product pricing. The ultimate decision regarding the reasonability of the filed rates is determined by the IDOI. RRC prepared this memorandum in order to make the rate filing decision available to the public pursuant to 215 ILCS 5/355.

This document is prepared as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. Based on review of the filing, the final rates are considered to be reasonable.

Overview

This table provides an overview of the rate filing.

Company Name	Celtic Insurance Company
SERFF Filing ID	CELT-134074669
Individual or Small Group	Individual
Effective Date	1/1/2025
Exchange Information	On-Exchange
Product Type(s) Offered	HMO and POS
Metal Tiers Offered	Gold, Silver, and Bronze
Tobacco Rating Factors Used	No
Description of Service Areas	Bond, Calhoun, Clinton, Cook, DuPage, Greene, Grundy, Henderson, Henry, Jersey, Kane, Kankakee, Kendall, Lake, Macoupin, Madison, Mercer, Monroe, Montgomery, Randolph, Rock Island, Saint Clair, Washington, Whiteside, Will

Rate Change Summary

This table provides a summary of the rate change.

Average Final Rate Change (Minimum, Maximum)	-4.1% (-8.0%, -2.8%)
Average Requested Rate Change (Minimum, Maximum)	+1.7% (-2.3%, +3.0%)
Expected Number of People Affected	55,424

Allocation of Premium by Expense Type

This table illustrates the projected percentage of 2025 premium used to pay for claims vs. other expenses.

Category	% of Premium
Claims	79.7%
Administrative	14.5%
Taxes & Fees	2.2%
Profit/Risk Margin	3.6%

Process and Considerations for the 2025 Plan Year

Rate filing guidance is provided to insurers via a Department Bulletin. Company Bulletin 2024-11 provides guidance to insurers filing ACA-compliant plans. There were no significant changes to rate filing guidance from plan year 2024 to plan year 2025. The rate filings were reviewed for compliance with the Bulletin and federal requirements. The insurers provided an initial filing summary which was posted to the Department’s website. Members of the public were invited to submit comments on the rate filings. IDOI received one public comment letter addressing this rate filing, which was considered in RRC’s review. The rate review includes an objection process to obtain sufficient documentation from the insurer to review the reasonability of the submitted rate filing. RRC reviewed the information gathered during this process to provide observations and opinions for IDOI to consider in making its determination whether the filing shows an unreasonable rate increase as described in 50 Ill. Adm. Code 2026.40.

Review of Key Methodology & Assumptions

The key pricing methodology and assumptions that were used to develop the plan year 2025 rates were reviewed for reasonability. RRC examined the rate filing considering the factors, including but not limited to, those identified in Illinois regulation at 50 Ill. Adm. Code 2026.50(c) and (d). The following sections provide a summary of that review.

Base Experience

To assess the reasonability of the base experience, a reconciliation between the claims and premium used in pricing and the claims and premium reported in the Company’s financial statement are reviewed for consistency.

Trend

The Company assumed an annualized trend rate of 1.7% from experience period (2023) to the projection period (2025). The Company submitted documentation to support their trend which was reviewed for reasonableness.

Projection Factors

The Company projects the base experience to the projection period using allowable projection factors. They adjust for morbidity (health status), demographics (age, area, tobacco usage, benefit mix), and plan design (changes in benefits). They may also make adjustment for one-time items that occurred in the experience but are not expected to occur in the projection period (such as adjusting

for the impact of COVID-19 or changes in Medicaid eligibility). The methodology and assumptions used to set the projection factors were reviewed for reasonability.

Risk Adjustment

The Company assumed that their projected morbidity (health status) would be lower than the market and therefore they would make a payment for risk adjustment.

Plan Level Factors

The Company sets the rate by plan. The following plan level adjustments are allowable under the ACA: the Actuarial Value and Cost Sharing Design of Plan, Provider Network, Benefits in Addition to Essential Health Benefits (EHBs), and Catastrophic Adjustments. These assumptions were reviewed for reasonability. Both the methodology used to set the assumption and the resulting factors were reviewed.

Administrative Expense

The Company includes the cost of administrative expenses in their rate development (14.5% of premium). Administrative expenses include general administrative costs as well as broker commissions. Their assumption was compared to the prior filing and to the market for reasonability.

Taxes and Fees

The Company includes the cost of taxes and fees in their rate development (2.2% of premium). The taxes and fees are set at the State and Federal level and are generally not assumptions made by the Company.

Profit

The Company included 3.6% of premium for an after-tax profit and risk margin that does not vary by product or plan. Their assumption was compared to the prior filing and to the market.

RRC found the assumptions to be reasonable.

Disclosures

This memorandum provides a summary for the rate review that RRC performed for the IDOI. A full RRC report with the details of the review was provided to the IDOI to inform their decision. The full report contains additional disclosures applicable to the review as required by Actuarial Standards of Practice.

This memorandum was prepared for the exclusive use of the IDOI. Any other reader understands that this memorandum was provided exclusively for the IDOI's sole benefit and use, and not for the benefit or use of the reader or any other third party. The reader acknowledges that this memorandum was prepared at the direction of the IDOI and may not include all procedures or information deemed necessary for the purposes of the reader, and that certain findings and information may have been communicated to the IDOI that are not reflected in this memorandum. The reader further acknowledges that RRC makes no representations as

to the sufficiency, accuracy, completeness, or appropriateness of this memorandum for the reader's purposes. The reader agrees that it does not acquire any rights as a result of access to this memorandum that it would not otherwise have had and acknowledges that RRC does not assume any duties or obligations to the reader in connection with such access to this memorandum. The reader of this memorandum agrees to release, indemnify and hold harmless RRC and its affiliates and their respective partners, principals, officers, directors, employees, contractors and representatives from and against any and all claims, actions, liabilities, damages, losses, costs or expenses (including reasonable attorneys' fees) incurred or suffered by or asserted against RRC as a result of the IDOI permitting the reader to access to the work or the reader's breach of the agreements herein. Any distribution of this memorandum must be in its entirety.