



Illinois Department of Insurance

JB PRITZKER
Governor

ANN GILLESPIE
Acting Director

November 1, 2024

Quartz Health Benefit Plans Corporation
2650 Novation Pkwy.
Fitchburg, WI 53713
Transmitted via SERFF

**RE: Proposed Premium Rates for Plan Year 2025 in the Non-Grandfathered Individual Market
- SERFF Tracking No. UYHI-134097161**

Dear Quartz Health Benefit Plans Corporation:

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 June 5, 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, Oliver Wyman Actuarial Consulting, Inc. (“OW”), 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. OW 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 OW’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 Oliver Wyman Actuarial Consulting, Inc. (OW) 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. OW's 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 our observations and opinion. OW's 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. OW 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 not considered unreasonable.

Overview

This table provides an overview of the rate filing.

Company Name	Quartz Health Benefit Plans Corporation (QHBPC)
SERFF Filing ID	UYHI-134097161
Individual or Small Group	Individual
Effective Date	1/1/2025
Exchange Information	On-Exchange and Off-Exchange
Product Type(s) Offered	HMO
Metal Tiers Offered	Bronze, Silver, Gold, Platinum, and Catastrophic
Tobacco Rating Factors Used	Yes
Description of Service Areas	Rating Area 5

Rate Change Summary

This table provides a summary of the rate change.

Average Final Rate Change (Minimum, Maximum)	+9.9% (+4.2%, +15.3%)
Average Requested Rate Change (Minimum, Maximum)	+9.9% (+4.2%, +15.3%)
Expected Number of People Affected	3,190

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	88.9%
Administrative	8.0%
Taxes & Fees	2.1%

Profit/Risk Margin	1.0%
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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. 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 OW'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. OW 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. OW examined the rate filing under the factors 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

The base experience is a combination of the 2023 individual experience for QHBPC in Illinois and a manual rate which used the individual ACA experience from the QHBPC license based in South Central Wisconsin for 2023 dates of service. The Illinois experience alone is not fully credible.

Trend

QHBPC assumed an annualized trend rate of 6.2% from experience period (2023) to the projection period (2025). The overall trend factor is based on observed historical trends using Quartz's non-Medicaid (large group, small group, and individual combined) book of business and future trend projections. The trends were calculated separately for inpatient, outpatient, professional, prescription drug, and capitated claims, with adjustments made for differences in demographics, benefits, and provider reimbursement between the source data and single risk pool. Additionally, the assumptions are compared to published industry trend surveys.

Projection Factors

QHBPC projects the base experience to the projection period using allowable projection factors. They adjust for morbidity (health status), demographics (age, tobacco usage, benefit mix), and plan design (changes in benefits). They also made adjustments for a change in provider reimbursement rates, a change in the anticipated mix of provider utilization, and an adjustment based on the risk sharing arrangement the company has with its provider owners. The methodology and assumptions used to set the projection factors were reviewed for reasonability.

Risk Adjustment

QHBPC assumed that their population is expected to be healthier than the statewide average and will make a net risk adjustment payable of \$79.09 PMPM.

Plan Level Factors

QHBPC sets its rates by plan. The following plan level adjustments were applied and are allowable under the ACA: the AV 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

QHBPC includes the cost of administrative expenses in their rate development (8.0% 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 and found to be not unreasonable.

Taxes and Fees

QHBPC includes the cost of taxes and fees in their rate development (2.1% of premium). The taxes and fees are set at the state and federal level and are generally not assumptions made by the company. QHBPC did make an assumption related to the percentage of enrollment On Exchange which is a necessary assumption used to determine the amount of Exchange User Fees to be included in the rate development. This assumption was based on current enrollment and deemed not unreasonable.

Profit

QHBPC included 1.0% of premium for a target net contribution to surplus that does not vary by product or plan.

Disclosures

This memorandum provides a summary for the rate review that OW performed for the IDOI. A full OW opinion letter 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.

Oliver Wyman prepared this report for the sole use of the IDOI for the stated purpose. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts other than by the client to whom this report was issued, as needed, in the case of distribution to such client's directors, officers, or employees. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client named herein.

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advice by Oliver Wyman to any such third parties. Any distribution to third parties shall be solely for informational purposes and, in the case of regulators and officers of the State who are formally participating in the regulatory rate review process, for purposes of fulfilling related regulatory, administrative, and official functions. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.