

Amanda Rose

From: Jimmy Harris
Sent: Monday, August 11, 2025 7:42 PM
To: Dave Dillon
Subject: Fw: AID Rates Summary Info
Attachments: 081125 Rate Discussion.docx

Just FYI

From: Jimmy Harris
Sent: Monday, August 11, 2025 2:16 PM
To: Allison Hatfield ; Hugh McDonald
Subject: RE: AID Rates Summary Info
Corrected the "rates" draft Word document with up-to-date information. Please review page 2 and 3 and see if that hits the mark.
Thanks,
Jimmy

From: Allison Hatfield
Sent: Monday, August 11, 2025 12:50 PM
To: Jimmy Harris
Subject: FW: AID Rates Summary Info
FYI
Allison Hatfield
Chief of Staff
General Counsel
1 Commerce Way, Suite 601
Little Rock, Arkansas 72202
O: 501.682.1118 M: 501.647.7443



From: Allison Hatfield.<allison.hatfield@arkansas.gov>
Sent: Monday, August 11, 2025 12:41 PM
To: Hugh McDonald <hugh.mcdonald@arkansas.gov>
Subject: AID Rates Summary Info
Attached is a draft response document Jimmy worked on while working through the rates issue with the GO. I have included the bulletin he references here as well too.
Also, attached an email from BCBS with its explanation of increases.
Jimmy is working on a one-pager bullet point type document for us, but I thought I would go ahead and send a few things.
Hope these are helpful.
Allison Hatfield
Chief of Staff

General Counsel
1 Commerce Way, Suite 601
Little Rock, Arkansas 72202
O: 501.682.1118 M: 501.647.7443



From: allison hatfield <hatfields4@sbcglobal.net>
Sent: Monday, August 11, 2025 12:16 PM
To: Allison Hatfield <allison.hatfield@arkansas.gov>
Subject:

Sent from my iPhone

We share Governor Sanders' frustration with the rise in insurance premiums. The Arkansas Insurance Department is conducting a thorough review of these filings to ensure they are actuarially sound, are not excessive, or unfairly discriminatory.

The Affordable Care Act (ACA) has two types of federal financial assistance for lower-income enrollees: assistance with monthly premiums ("premium subsidies") and assistance with deductibles, coinsurance, and other out of pocket expenses through cost share reductions (CSR). These types of financial assistance are original to the ACA and are not expiring or changing.

After direct CSR payments from the federal government to insurers ended in 2017, most insurers raised silver plan premiums substantially to account for the loss of these federal payments, allowing the CSR subsidy to flow to the insurer through premium, rather than a direct payment. This practice is known as "silver loading". In 2018, the Trump administration issued guidance encouraging state regulators to allow insurers to increase only the premium on silver plans offered on-exchange, so that off-exchange silver plans could be priced without the silver load. The 2026 CMS Notice of Benefit and Payment Parameters codified the practice of silver loading.

State and federal tax dollars are used to pay all, or a large portion of the premium, for most of these individual exchange plans either through Medicaid dollars that fund the ARHOME program or through federal premium subsidies. It's imperative we are good stewards of those funds and ensure they are used efficiently and effectively to help the most Arkansans.

The American Rescue Plan Act (ARPA) premium subsidies will expire at the end of 2025 and will impact premium across the country. To lessen that impact, Governor Sanders took proactive steps to maximize the value of the remaining federal subsidies flowing into Arkansas.

Earlier this year, Bulletin 4-2025 was issued by the Arkansas Insurance Department that provided standardized guidance on the application of the silver load. In previous years, the amount of this load was determined by each insurer, based on their individual experience. This standardized guidance will protect access to zero-premium and lower deductible plans for low- and middle-income individuals by ensuring remaining federal subsidies go where they are most effective for Arkansans.

The updated pricing approach leverages existing federal funding to lower out-of-pocket costs for thousands of Arkansans, expand access to better health plans, and will apply these tax funds more effectively, without increasing state spending. By adopting mandated silver loading, Arkansas delivers better value and improved access to consumers through a transparent premium structure to make better use of federal dollars through the Affordable Care Act.

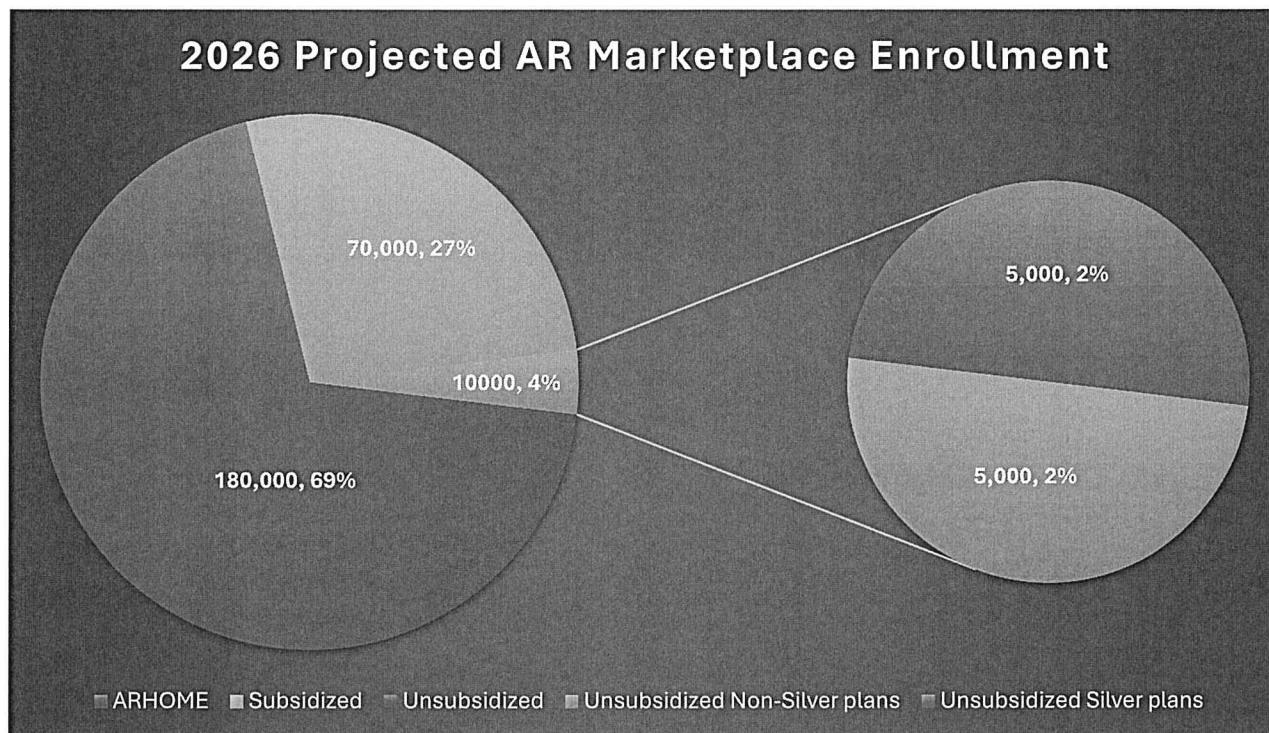
Preliminary rate filings for 2026 indicate that average gross premiums may increase on the Arkansas health insurance exchange by approximately 20-50%. However, a part of that increase could be attributed to the cost-share reduction (CSR) load applied to on-exchange silver plans only, **which drives down effective premiums for most Arkansans on the exchange.**

Our actuaries are in constant contact with the insurers and are confident that an agreeable solution that will shield Arkansans seeking coverage on the marketplace from enormous rate hikes while still meeting the CMS submission deadline of August 13, 2025.

Where are we currently?

1. Our actuaries are still reviewing filings and objection responses from insurers. Both companies have been responsive and cooperative throughout this process.
2. At the request of BCBS CEO, Curtis Barnett, we had a call with him at 12:30 August 11, 2025. He was inquiring about CMS approval timelines and expectations for them. I told him that I hope to have guidance for their companies soon.
3. Centene will be refiling rates late Monday, August 11, 2025. There are expectations for a filing with lower average rates than the previous one.
4. BCBS companies have a separate deductible on Non-EHBs. It does not appear Centene took that approach. We have a current inquiry to Centene about whether or not it would have a material impact on their rate filing if we asked them to do that.
5. There was a lively discussion at the CMS/State regulator round table at NAIC in Minneapolis on August 10, 2025. Several states expressed concern with having filing determinations completed by the CMS deadline of August 13. Several states inquired about submission extensions being granted, but it appears unlikely CMS will be extending the deadline for any state.
6. However, CMS indicated, if necessary, **states may utilize the September 11-12th limited data correction window to allow issuers to submit revised rate filings and finalize state determinations.** AID would require any rate revision to be submitted to for review no later than September 4, 2025.

What is a rough estimate of actual impact of these individual marketplace rates for Plan Year 2026?



- Projected marketplace enrollment for 2026 is 260,000.
- For the 180,000 in ARHOME, this population is insulated from large rate increases. This rate increase does not apply to them.
- Of the roughly 80,000 people that will purchase policies from the exchange, around 70,000 will receive ACA subsidies and should see lower *effective* premiums in 2026.
- Around 10,000 people will purchase plans off the exchange and will not qualify for any subsidies. We don't have a great estimate of tier split for this group, but we will assume 5,000 are Silver plans and 5,000 are non-Silver plans. The 5,000 people with non-silver plans should see lower premiums for 2026 plan year.
- **The 5,000 people with unsubsidized silver plans will need to rationally decide to move to an off-exchange silver plan to avoid the impact of silver loading or choose a bronze or gold plan that meets their needs. This is the population that is negatively impacted by these rate increases.**