



February 12, 2026

Office of the Insurance Commissioner
Attn: Rules Coordinator
rulescoordinator@oic.wa.gov

Re: Comments on Pre-Publication Draft – Health Carrier Rate Development Components (R 2025-02)

Dear Rules Coordinator,

The Association of Washington Healthcare Plans (AWHP) appreciates the opportunity to comment on the Office of the Insurance Commissioner’s pre-publication draft rule on health carrier rate development components (R 2025-02). We support the Office’s goal of promoting consistency, transparency, and fair competition in rate development and respectfully submit the following comments to request clarification in several areas to improve regulatory predictability and consistent application over time.

Ambiguous regulatory language and drafting clarity

The draft rule relies on phrases such as “based on” and similar constructions when referencing federal methodologies, including the federal risk adjustment transfer formula. As written, this language may be subject to multiple interpretations and could allow for shifting application across filing years. Carriers rely on stable, clearly defined standards when developing rates under tight timelines. AWHP recommends clarifying whether referenced federal methodologies are intended to be directly applied, incorporated by reference, or merely used as an informational input. Clearer drafting at this stage will reduce the risk of confusion, rework, or disputes in future rate filings.

In addition, the use of informal drafting conventions such as “i.e.” within regulatory text is unusual and may introduce unnecessary ambiguity. We recommend replacing shorthand references with complete explanatory language embedded directly in the rule text to align with standard state and federal regulatory drafting practices.

Induced demand factor – scope and methodology

The draft provides that induced demand factors must be “consistent with the federal risk transfer formula,” but does not specify how that consistency is determined. It is unclear whether induced demand factors are required to mirror CMS-published values or whether they may be derived from or informed by those values using carrier-specific methodologies. This distinction is critical for predictability and consistency across plan years.

AWHP respectfully requests that the rule explicitly states whether the induced demand factor is directly calculated from the federal risk adjustment formula or whether the federal methodology serves as a reference point. Establishing clear parameters around OIC’s discretionary authority in this area will help ensure uniform application and reduce uncertainty for carriers and regulators alike.



Silver loading and CSR funding restoration

The draft rule contemplates discontinuing the cost share reduction (CSR)-related silver load if federal cost-sharing reduction funding is restored, but it does not specify timing or filing impacts. Carriers request clarity regarding whether the elimination of the silver load would apply only to future plan years or whether restored funding could retroactively affect rates that have already been filed or approved.

Given the complexity of rate development and approval timelines, explicit guidance on how and when silver loading would cease in the event of CSR funding restoration would provide much-needed certainty and help avoid operational disruption.

AV Pricing Guardrails

The rule requires the actuarial value (AV) pricing value must be within $\pm 2\%$ of a plan's designated AV metal value. The AV calculator is not a pricing tool and was never intended to limit the pricing so narrowly. We recommend increasing the range to $\pm 4\%$ to allow for bona fide differences between pricing values and what the AV calculator produces.

Timing and filing considerations

The rule specifies a March 31 deadline for OIC to release the final CSR silver loading factor. While this date may be workable today, carriers note that it interacts closely with internal rate development processes, federal guidance timelines, and pending federal rulemaking such as the Notice of Benefit and Payment Parameters. AWHP encourages OIC to remain mindful of these overlapping timelines and to provide as much advance clarity as possible to support orderly and efficient filings.

AWHP respectfully requests that OIC incorporate the clarifications outlined above into the proposed rule to enhance transparency, ensure consistent regulatory interpretation, and support predictability in rate development. Clear standards now will benefit both regulators and carriers and help avoid uncertainty in future plan years. We appreciate the opportunity to comment and would welcome further discussion or technical engagement as the rulemaking proceeds.

Sincerely,

A handwritten signature in black ink that reads "Peggi Lewis Fu". The signature is written in a cursive, flowing style.

Peggi Lewis Fu
Executive Director
Association of Washington Healthcare Plans