

PART II -- Written Explanation of the Rate Increase

Blue Cross and Blue Shield of North Carolina (NAIC 54631)
Consumer Disclosure for Proposed Health Insurance Rate Increase
Individual ACA Plans
Rate Change Effective January 1, 2026

Scope and Range of the Rate Increase

Blue Cross and Blue Shield of North Carolina (Blue Cross NC) has submitted a request to the North Carolina Department of Insurance seeking approval for premium rate adjustments to its fully ACA-compliant individual health plan offerings. The proposed filing reflects an average rate increase of 29.4%, excluding the effects of member aging, effective January 1, 2026.

At the individual plan level, renewal rate changes range from 19.2% to 48.4%. Actual premium changes for subscribers may vary based on factors such as geographic location, age, dependent coverage, and other rating variables.

Financial Experience of the Product

These rates are designed to achieve a Medical Loss Ratio (MLR) of at least 80%, in line with the requirements for individual ACA health plans. Under the Affordable Care Act (ACA), health insurers must allocate a minimum of 80% of premium revenue toward medical care and activities that enhance healthcare quality for members. If the actual MLR falls below this threshold, rebates will be issued to policyholders as mandated by law.

Drivers of Rate Increase

The main reasons for the premium increase are rising health care costs in this ACA-compliant block. These higher costs come primarily from three areas:

1. **Higher prices for medical services**—especially from hospitals, doctors, and pharmacies—driven by things like new technology and expensive specialty drugs.
2. **Increased use of health care services** by members which is influenced by how people use and select plans in the ACA market.
3. **Expiration of the enhanced premium tax credits (eAPTCs)**—The elimination of the eAPTCs is expected to result in substantial membership decline in the individual ACA market in 2026, resulting in increases to morbidity and operating expenses on a per member basis.
4. **CMS Marketplace Integrity and Affordability Final Rule and One Big Beautiful Bill Act**—The provisions in the recently finalized rule and bill are expected to result in additional membership decline in the individual ACA market in 2026, resulting in additional increases to morbidity and operating expenses on a per member basis.

Efforts to Control Costs

Blue Cross NC is committed to keeping insurance costs affordable and supporting the long-term stability of the individual ACA market. We're building innovative partnerships with providers, securing better hospital discounts, developing early intervention programs to improve health outcomes and reduce costly treatments, and equipping members with tools to make informed care decisions.