



Aspirus Health Plan, Inc.
Individual Medical Business
Part II – Written Description Justifying the Rate Increase

This document contains the Part II written description justifying the rate increase subject to review on Aspirus Health Plan, Inc.'s (Aspirus) individual medical block of business, effective January 1, 2026. The statements provided are intended to provide a brief, non-technical description of why the issuer is requesting the proposed rate increase.

The information in this document will be provided to the Wisconsin Office of the Commissioner of Insurance (OCI), the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of Aspirus's rate filing. We understand that the information provided will be considered public documents and, as such, may be subject to disclosure to other third parties. Milliman makes no representations or warranties regarding the contents of this document to third parties. Likewise, third parties are instructed to place no reliance upon this actuarial memorandum or rate filing prepared for Aspirus by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman to any third party. Furthermore, it is possible that changes subsequent to this filing in laws, regulations, and / or sub-regulatory guidance by the federal government, the state government, or any of their agencies could affect the appropriateness of the premium rates being filed.

PART II – WRITTEN DESCRIPTION JUSTIFYING THE RATE INCREASE

Scope and Range of Rate Increase

The average proposed rate increase of 12.6%, effective January 1, 2026 is expected to impact 13,677 members, based on membership as of March 31, 2025. The rate increase varies by plan, ranging between 4.4% and 20.5%. Rate changes vary by plan due to the impact of changes in benefits and rating adjustments to account for the non-funding of Cost Sharing Reduction (CSR) payments.

Financial Experience of the Product

After accounting for payments into the risk adjustment program, Aspirus has an overall risk-adjusted MLR of approximately 85% in 2024. Based on the 2025 premiums and emerging financial experience, this is expected to increase substantially. The proposed rate increase is intended to account for expected claims activity in 2026 given historical experience and any anticipated changes. With the proposed rate increase, the anticipated risk-adjusted MLR is expected to be 87% overall in 2026.

Changes in Medical Service Costs

Medical and prescription drug trend for these products is anticipated to be an average of 6.9% per year on allowed claims. This was developed based on historical experience, as well as consideration of information available on changes in the cost of services due to general medical and prescription drug inflation and changes in the anticipated utilization of services. For 2026 cost projections, adjustments to 2024 allowed claims consider population changes and costs. This includes factoring in expected disenrollments resulting from the expiration at the end of 2025 of enhanced premium subsidies established in the American Rescue Plan Act. **The expiration of these subsidies may lead to higher average statewide morbidity, potentially increasing overall medical costs.**

Changes in Benefits

Changes in benefits have been made to these plans, leading to an aggregate 1% decrease in rates. Any impact of benefit changes is reflected in the proposed rate changes.

Administrative Costs and Anticipated Profits

Aspirus anticipates higher administrative costs resulting from a change in third party administrators, increasing from 8.8% of premium to 10.5%. In addition, the federal exchange fees increased from 1.5% to 2.5% of premium. To partially offset these increases, Aspirus lowered its margin to 0.0% from the 1.5% used in 2025 pricing. The net impact of these items is an increase in rates.