

CAREFIRST BLUECROSS BLUESHIELD (CF)

PART II – Written Description Justifying the Rate Increase

CareFirst BlueChoice, Inc. - VA is requesting an average base rate change of 19.8% to our BlueChoice single risk pool. As of 2-28-2025, there are 8,049 members currently enrolled in a BlueChoice product, across all plans, who will be impacted by the rate change.

The main drivers supporting the rate change are 1) decrease in the base period claims experience, 2) trend, 3) higher projected reinsurance factor, and 4) adjustments to membership, morbidity, and risk adjustment due to the anticipated expiration of federal enhanced premium tax credit subsidies on 12/31/2025.

These products were first launched on 1-1-14. For the 2024 calendar year, BlueChoice collected \$48.6 million in premium and paid out \$65.3 million in claims for a loss ratio of 134.2%. BlueChoice will receive an estimated \$11.0 million in reinsurance receipts and \$10.1 million in risk adjustment receipts, for a post-RA/RI loss ratio of 90.9%. The proposed rate changes have been set to bring the post-RA/RI loss ratio to 86.6%.

BlueChoice has assumed a composite annualized trend of 7.5%.

The benefits for the renewing plans in this product have remained the same, except for changes necessary to maintain actuarial value.

For 2026, BlueChoice will offer 1 Standard Bronze plan and 1 non-Standard Bronze plan, both on and off the exchange.

As a percent of premium, administrative/broker expenses have decreased by 1.6% compared to last year. Pre-tax contribution to reserve has remained at 2.0%.