

Part II: Written Justification of Rate Increase

Celtic Insurance Company
Annual Individual Health Rate Filing
New Hampshire
Assuming Enhanced Advance Premium Tax Credits (eAPTCs) Have Expired
And CSR Subsidies Are Unfunded
Effective January 1, 2026
Forms: 75841NH009, 75841NH010, 75841NH011

Celtic Insurance Company is filing rates for the individual block of business, effective January 1, 2026. This document is submitted in conjunction with the Part I Unified Rate Review Template and the Part III Actuarial Memorandum.

This information is intended for use by the New Hampshire Insurance Department, the Center for Consumer Information and Insurance Oversight (CCIIO), and health insurance consumers in New Hampshire to assist in the review of Celtic Insurance Company's individual rate filing.

The proposed rate change of 35.8% applies to approximately 25,683 individuals.

The results are actuarial projections. Actual experience will differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions. This rate change reflects expected increases in the cost of providing coverage in the individual market. The primary factors contributing to the proposed rate increase include:

- Statewide Average Morbidity (SWAM) projection. SWAM has emerged as the primary driver of the change. 2025 Wakely data shows 2025 statewide morbidity trending well above initial projections and exceeding 2026 expectations. Our 2026 projected statewide morbidity trend was updated for market dynamics and a deteriorating risk pool.
- Statewide Average Premium (SWAP) projection. The filing reflects updates to SWAP assumptions to align premiums with the elevated statewide morbidity and corresponding increase in anticipated market-wide claims costs. Specifically, the projected 2026 SWAP has increased reflecting the deteriorating risk pool and associated cost pressures.

Contributing to the projected SWAM is the expected expiration of the Enhanced Advance Premium Tax Credits. The federal eAPTCs, which have existed since 2021, are currently scheduled to expire at the end of 2025. With the expected expiration, net premiums are projected to rise significantly for many enrollees. This is anticipated to result in adverse selection, as healthier and more price sensitive individuals are more likely to forgo coverage, leading to a higher average morbidity within the individual market risk pool. The resulting shift in risk is expected to contribute materially to higher claims costs and overall premium requirements for 2026. In addition to these drivers, annually rising medical costs continue to affect premiums. Some of these drivers include increases in the price of services, the number of services used, and the shift toward more complex and intensive treatments. This filing reflects the cost of providing comprehensive health coverage in the individual market under current federal and state policy expectations.