

URR Part II (ACA Individual)

Horizon Blue Cross Blue Shield of New Jersey (Horizon-BCBSNJ) is increasing premium rates for the NJ Individual ACA-compliant products by an average of 17.0% for 2026 enrollments. Rate increases by product are displayed in the table below. Additionally, the final premium will depend on the member's age and family composition.

Approximately 245K members are estimated to be impacted by rate actions exceeding 10%. Historical average yearly premium increases for Individual ACA-compliant products by Horizon-BCBSNJ:

2023: 9.4%

2024: 4.2%

2025: 6.1%

Horizon-BCBSNJ is subject to the State and Federal Minimum Loss Ratio requirements. This means that at least 80% of premium dollars – after risk adjustment and ACA-imposed fees and taxes - has to be spent on medical costs. The rate actions for 2026 are projected to meet this requirement.

Reasons contributing to the increase in premium rates include the following:

- Medical and prescription drug costs inflation. Service costs increase each year. The contributing factors include: health care providers increasing their fees, members utilizing more services and supplies, advances in prescription drug development and medical technology (such as gene therapies), and heavy marketing of Specialty drugs, among other factors.
- Morbidity. American Rescue Plan Act (ARPA) introduced additional premium subsidies. They are scheduled to expire at the end of 2025. With their expiration, we expect the ACA market to shrink as healthier members leave ACA coverage. This would result in the ACA risk pool retaining less healthy members, leading to higher morbidity leading to higher rates.

Financial Experience of the Individual Block

The premium collected and incurred claims for these products during the January 2024 – December 2024 period were \$1,966M and \$1,719M, respectively. Reinsurance and Risk Adjustment receivables are anticipated to be \$394M and \$260M respectively. After accounting for ACA-imposed taxes and fees, this results in an anticipated NJ State one-year Medical Loss Ratio (MLR) of 81.6% for 2024. This ratio is the portion of premium that is needed to pay medical claims. The complement of the loss ratio is the portion of revenue needed for taxes and fees, administrative expenses, and margin.

The projected 2026 loss ratio on a one-year basis, using New Jersey's requirements and taking into account the rate increase noted above, is 84.8%. The projected 2026 NJ loss ratio on a three-year basis, is 85.5%.

Changes in Benefits

Benefit coverage and cost sharing levels are two important components in determining premium levels and may be changed periodically. Cost Sharing changes, such as copay, coinsurance, deductible, maximum out pocket levels, may be made to any number of benefits, including but not limited to:

SERFF#: HBBN-134539655

Submission Date: July 3rd, 2025

HBBN-134539655_2026_IND_AfterMIR_NoARPA_URR_Part II_v2

Primary Care and Specialist visits, Urgent Care visits, Inpatient Hospital stays, Outpatient Surgery procedures, Emergency Room visits, Prescriptions, Radiology Imaging, and Laboratory Testing, among others. Some benefit changes are also required by legislation or regulation. The table below quantifies the value of the year-over-year benefit changes by plan.

Changes in Expenses

Overall expenses including risk margin in this filing are approximately 0.5% higher than those in our 2025 filing.

Rate Increases

2026 Product	2026 Rate Action	Benefit Change
OMNIA Gold	less than 10%	
Silver Advantage	20.6%	-1.9%
OMNIA Silver	20.8%	-2.0%
OMNIA Silver HSA	20.8%	-2.5%
OMNIA Silver Value	13.7%	-5.0%
Bronze Advantage	20.0%	-2.8%
OMNIA Bronze	14.7%	-3.1%
Catastrophic	18.6%	-4.7%
ICHRA Gold Advantage	New plan	
ICHRA Silver Advantage	New plan	
ICHRA OMNIA Bronze HSA	New plan	
ICHRA OMNIA Gold HSA	New plan	
ICHRA OMNIA Silver	New plan	
ICHRA OMNIA Silver HSA	New plan	
ICHRA OMNIA Silver Value	New plan	

SERFF#: HBBN-134539655

Submission Date: July 3rd, 2025

HBBN-134539655_2026_IND_AfterMIR_NoARPA_URR_Part II_v2