

**Blue Cross of Idaho Health Services, Inc.**  
**Preliminary Rate Increase Justification for 2026**  
**Individual Health Benefit Plans**

**Scope and Range of the Rate Increase**

The filed overall average rate change for January 1, 2026, is 13.5%. This average rate change does not indicate that every individual's rate will change by this amount, as rates are affected by the ages of those covered, family coverage, the date of policy renewal and benefits chosen. We have estimated that rate changes by member, prior to the impact of aging, for the 30,581 members enrolled as of March 2025 will range between -3.0% and 23.7% including the impact of benefit and cost sharing changes.

Rate changes will vary by metal level:

<b>Metal Level</b>	<b>Average Rate Increase</b>
Gold	12.9%
Silver	14.2%
Bronze	13.2%
Catastrophic	4.5%

Average increases also vary by rating area.

<b>Rating Area</b>	<b>Average Rate Increase</b>
1	17.5%
2	8.9%
3	14.0%
4	8.7%
5	7.0%
6	16.9%

**Most Significant Factors**

The rate change described above is driven by the following factors:

Paid Claims Expense:	11.22%
Administrative Expenses	3.68%
State Based Reinsurance	2.82%
Risk Adjustment	-1.93%
Margin	-1.53%
Other:	-0.77%

**Summary of Historical Experience**

Financial results for the base experience period of January 1, 2024 to December 31, 2024 are estimated to be as follows:

Item	Amount	% of Revenue
Total Premium (net of MLR rebate)	\$155,912,128	100.00%
Total Paid Claims	\$143,024,455	91.73%
Risk Adjustment Receipt/(Payment)	(\$5,846,197)	3.75%
Administrative Costs	\$21,718,019	13.93%
Taxes and Fees	\$5,392,394	3.46%
Profit	\$3,111,589	2.00%

The risk adjustment receipt is an estimated value. Outstanding uncertainty around parameters for this program will further impact the actual results. Revenue is net of APTC payments. Taxes and fees due not include federal income tax.

### Key Assumptions

The annual cost trends used in developing the 2026 rates:

- Medical: 8.0%
- Drug: 9.5%

These trends are based on our analysis of historical cost trends and consideration of other factors likely to affect future trend including the rates contracted with providers, increases in the number and mix of services provided, and the SEP validation process impact the projected claim expense.

The 2026 rates are made up of the following components:

- Medical claims: 76.15% of projected revenue
- Risk Adjustment Transfer (payment): 2.83% of projected revenue
- Administrative costs: 14.37% of projected revenue
- Commissions: 2.36% of projected revenue
- Federal Taxes and Fees: 2.08% of projected revenue
- State Taxes and Fees: 1.50% of projected revenue
- Contribution to surplus, profit, and risk margin: 0.70% of projected revenue