

## Part II Rate Increase Justification

Mountain Health Cooperative  
Preliminary Rate Increase Justification for 2026  
Individual Market Health Benefit Plans

### Rate Change

Mountain Health Cooperative (MHC) has 9,697 insureds enrolled who will be affected by 2026 Individual Market rate changes if they continue their coverage. Before federal subsidies, the average change in premium for these individuals will be 18.0%. The requested rate change varies by product with the smallest average change of -12.2% for Access Catastrophic and the largest average change of 22.3% for Access Silver. The following tables show the average rate change by product, metal, and area.

Table 1: Rate Change by Product 2025 to 2026 Individual Market Mountain Health CO-OP	
<u>Product</u>	<u>Avg Rate Change</u>
Link	18.2%
Access	19.7%
Engage	15.1%

Table 2: Rate Change by Metal 2025 to 2026 Individual Market Mountain Health CO-OP	
<u>Metal</u>	<u>Avg Rate Change</u>
Platinum	22.1%
Gold	20.6%
Silver	19.1%
Bronze	17.6%
Catastrophic	5.0%

### Most Significant Factors

The rate change described above is driven by the following changes in rating from 2025 to 2026.

- Morbidity/Experience Adjustment 7%
- Market Reinsurance 3%
- Health Cost Trend 9%

Morbidity refers to the relative difference in utilization of healthcare services between one population and another for reasons unrelated to plan design or management of care. This is often times referred to as the risk of the population or risk pool. Based on the anticipated change in the single risk pool for 2026 the morbidity increased 4%.

We have also adjusted the state reinsurance assumption based on the 2026 proposed 1332 waiver which leads to a 2.5% change in premium compared to premiums that would have been in place under the 2025 1332 waiver reinsurance program.

## Financial Experience

The Individual market financial experience for calendar year 2024 was as follows:

• Premiums Earned before Risk Adjustment:	\$31.6 million
• Incurred Claims after CSR:	\$35.6 million
• Member Months:	61,478

The rate increases will increase premiums to levels that are expected to be adequate to cover incurred claims and expenses.

## Key Assumptions

The annual cost trends used in developing the 2026 rates:

- Medical: 6%
- Drug: 19%

Medical service costs are constantly changing. MHC is assuming an overall allowed cost trend of 9.1%. This number has been calculated based on proprietary Milliman data and research and is broken out into the various contributing components of unit cost inflation and utilization. Unit cost inflation represents a direct increase in the cost of particular services due to any number of causes. The utilization represents an increase in the use of services and is independent of change in utilization for changes in the risk pool or plan designs.

The 2026 rates are made up of the following components, which are similar to the prior year:

• Claims (Net of Risk Adj. & Reinsurance):	79%
• Administrative Costs:	12%
• Federal Taxes and Fees:	4%
• Commissions:	2%
• Surplus, Profit, and Risk Margin:	3%