

## PART II RATE INCREASE JUSTIFICATION

St. Luke's Health Plan, Inc.  
Preliminary Rate Increase Justification for 2026  
Individual Health Benefit Plans

### RATE CHANGE

We estimate an overall average premium rate change of 8.5% for the 11,485 individual members enrolled with St. Luke's Health Plan, Inc. (SLHP) as of March 2025.

Rate changes are:

- uniform across regions within SLHP's service area
- +9.1% for the Expanded Bronze plan
- +6.8% for the Expanded Bronze HDHP plan
- +8.6% for the Silver plan
- +6.3% for the Gold plan

### MOST SIGNIFICANT FACTORS

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

- Changes in experience and demographics, based on SLHP's fully credible claims experience: -1.7%
- Changes due to Idaho's 1332 waiver program: +2.7%
- Medical and pharmacy cost trend: +7.0%
- Changes in projected risk adjustment: +1.9%
- Changes in retention: -1.4%
- Changes in plan designs: -4.0%
- Changes in morbidity due to the anticipated expiration of enhanced premium tax credits: +4.2%

### FINANCIAL EXPERIENCE

SLHP's 2024 Net Medical Loss Ratio (MLR) was 84.7% as shown in Worksheet 2, Section II of the URRT.

- Allowed Claims: \$48,547,914
- Net market reinsurance payment / (receipt): -\$4,800,198
- Incurred Claims: \$29,792,713
- Risk adjustment payment / (payment): -\$1,924,123
- Premium: \$37,080,993
- Member Months: 87,415

### KEY ASSUMPTIONS

The annual cost trends used in developing the 2026 rates:

- 2024 to 2025 Trend: 6.1% Medical and 12.7% Pharmacy
- 2025 to 2026 Trend: 6.0% Medical and 12.6% Pharmacy

The 2026 rates are made up of the following components:

- Claims: 97.9% of projected revenue
- Risk adjustment payment / (payment): 5.2% of projected revenue
- Net market reinsurance payment / (receipt): -20.5% of projected revenue
- Administrative costs: 10.0% of projected revenue
- Federal taxes and fees: 0.1% of projected revenue
- State taxes and fees: 1.9% of projected revenue
- Exchange fees: 2.6% of projected revenue
- Commissions: 2.8% of projected revenue
- Contributions to surplus, profit, and risk margin: 0.0% of projected revenue