
Actuarial Memorandum

McLaren Health Plan Community

Issuer #74917

January 1, 2026 Individual Premium Rate Filing

June 12th, 2025



Developed By:

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EXECUTIVE SUMMARY

This memorandum documents the development of individual market health insurance premium rates for McLaren Health Plan Community (McLaren). The product will be offered on and off-exchange in the state of Michigan. McLaren is offering individual health insurance products in the Bronze, Silver, Gold, and Catastrophic metal tiers, with the premium rates documented in this memorandum effective January 1st 2026.

1. REDACTED ACTUARIAL MEMORANDUM

This actuarial memorandum should be considered the **non-redacted** CMS version as specified in the Part III Actuarial Memorandum and Certification Instructions.

2. GENERAL INFORMATION

Company Identifying Information

Company Legal Name: McLaren Health Plan Community
 State: Michigan
 HIOS Issuer ID: 74917
 Market: Individual
 Effective Date: January 1, 2026

Company Contact Information

Primary Contact Name: Rachel Hairston, Vice President of Finance
 Primary Contact Telephone Number: (810) 733-9678
 Primary Contact Email Address: Rachel.Hairston@mclaren.org

SERFF Tracking Number, Binder Number, and Effective Date of Prior Filing

SERFF Tracking Number: MCLH-134546323
 Binder Tracking Number: MCLH-MI26-125120254
 Effective Date: January 1, 2026

Description of Benefits

Please see Table 2.1 below for description of benefits.

Table 2.1 - Description of Benefits

Plan Name	Plan ID	Ded	MOOP	Coin	PCP/MHSA	Specialist	Prescription Drugs
Young Adult/Catastrophic	74917MI0020004	\$10,600	\$10,600	0%	Ded	Ded	Ded/Ded/Ded/Ded
MHP Silver Exchange	74917MI0020005	\$4,250	\$10,150	20%	\$30	\$70	20/75/175 after Ded/Ded & 50% Coins.
MHP Gold	74917MI0020006	\$2,100	\$8,000	20%	\$30	\$60	10/75/50% coins after Ded/50% coins after Ded
MHP Bronze	74917MI0020011	\$8,250	\$10,150	50%	D&C	D&C	20/\$100 after Ded/D&C/D&C
MHP Bronze Saver (Expanded)	74917MI0020013	\$8,500	\$8,500	0%	Ded	Ded	Ded/Ded/Ded/Ded
MHP Silver Exchange Rewards	74917MI0020017	T1: \$2,000 T2: \$8,000	\$9,000	T1: 0% T2: 50%	D&C	D&C	10/85/50% coins after Ded/50% coins after Ded
MHP Gold Standard	74917MI0020018	\$2,000	\$8,200	25%	\$30	\$60	15/30/60/250
MHP Silver Standard	74917MI0020019	\$6,000	\$8,900	40%	\$40	\$80	20/40/80 after ded/350 after ded
MHP Expanded Bronze Standard	74917MI0020024	\$7,500	\$10,000	50%	\$50	\$100	25/50 after ded/100 after ded/500 after ded

3. PROPOSED RATE CHANGES

McLaren will sell individual policies with effective date of January 1st, 2026. The 2026 rate changes by plan are found in URRT Worksheet 2, Field 1.11. The following table illustrates changes by pricing assumptions between 2025 and 2026:

Table 3.1 - Quantitative Impact of Factors Driving Change in MAIR

Worksheet 1 Step	2025	2026	Quantitative Impact
Base Experience	\$ 649.38	\$ 830.17	1.278
Trend	\$ 739.41	\$ 947.96	1.003
Morbidity	\$ 723.76	\$ 956.04	1.030
Demographic Shift	\$ 712.57	\$ 942.12	1.001
Plan Design Changes	\$ 712.57	\$ 942.12	1.000
Other	\$ 712.57	\$ 942.12	1.000
Total Change in Projected Experience			1.322
Projected Blended Claims	\$ 716.79	\$ 874.31	1.220
Change Due to Blending and Manuals			0.923
Projected MAIR	\$ 711.94	\$ 822.03	1.155
Change Due to Risk Transfer Estimate			0.947

The average annual premium for 2026 is \$8,966, which is \$747.20 PMPM (4.17 of URRT WK2 x 12). The average annual premium for 2025 is \$7,437 (2.11 of URRT WK2 x 12). As of February 2025, there are 1,971 policy holders and 2,931 covered lives affected by this proposed rate change. The average overall rate increase is 19.20% (1.12 of URRT WK2).

4. MARKET EXPERIENCE

4.1 Experience and Current Period Premium, Claims, and Enrollment

Paid Through Date: February 28, 2025

Current Date: February 28, 2025

Allowed and Incurred Claims Incurred During the Experience Period

Wakely relied on the allowed and incurred claims during the experience period from McLaren. All claims were processed through McLaren's claim system. Table 4.1.1 summarizes 2024 allowed and incurred claims and provides an estimate of incurred but not reported (IBNP) claims.

Table 4.1.1 Development of Experience Period Allowed and Incurred Claims

Component	Allowed Claims	Incurred Claims
Claims processed by McLaren	\$ 27,675,436	\$ 22,027,313
Claims processed outside of McLaren	\$ -	\$ -
Estimate of Incurred but not Paid (IBNP)	\$ 495,796	\$ 412,034
Rx Rebates	\$ (1,446,354)	\$ (1,204,155)
Claims incurred during experience period	\$ 26,724,878	\$ 21,235,192

IBNP estimates are based on a traditional actuarial claim lag study performed on the paid claim lag triangles. The lag study applied varying completion factor methods by service category. This description refers to the method of completion factor development and the selection of the number of run-out months used to determine completion factors. The completion factors were applied consistently to both allowed and incurred amounts. The claims used to develop the completion factors reflect the experience period claims. We do not consider the IBNP to be unusually low or high.

Premium Incurred During the Experience Period

Premium in the 2024 experience period totaled \$18,599,739 (URRT WK1, Section I).

Reconciliation to Supplemental Health Care Exhibit

The below tables illustrate how incurred claims and premium from Worksheet 1 reconcile to SHCE claims and premium. The premium does not reflect any MLR rebates.

Table 4.1.2 Reconciliation to CY2024 Financials

Component	Value
Premium	
SHCE Part 1 line 1.1	\$ 21,106,109
Year-end Reconciling Items	\$ (2,506,369)
CY24 Revenue	\$ 18,599,740
URRT WK 1	\$ 18,599,740
% Difference	0.0%
Claims	
Medical - SHCE Part 1 line 2.1	\$ 12,465,656
Change in liability	\$ 866,148
year-end adjustment(s)	\$ (60,159)
CY24 Paid Medical	\$ 13,271,645
CY24 Incurred Medical	\$ 12,831,411
Rx - SHCE Part 1 line 2.2	\$ 8,537,151
Paid Rebates	\$ 1,029,482
CY24 Incurred Rx	\$ 9,566,633
CY24 Incurred (Medical + Rx)	\$ 22,398,044
CY24 Incurred Rebates	\$ (1,204,155)
CY24 Incurred net Rebates	\$ 21,193,889
URRT WK 1	\$ 21,235,192
% Difference	0.2%

4.2 Benefit Categories

Claims processed through McLaren's claim system were mapped to the benefit categories in Worksheet 1, Section II generally based on bill type, procedure codes, and further detailed claim mapping.

The experience period claims were mapped to the URRT categories as follows:

- Inpatient: Inpatient facility claims
- Outpatient: Outpatient facility claims
- Professional: Includes PCP, physician, physical therapy, and behavioral health claims
- Other: Includes ambulance, home health care, and DME
- Capitation: McLaren does not have capitated claims
- Prescription Drug: Prescription drug claims net of rebates

4.3 Projection Factors

The following describes the factors used to project the experience period allowed claims to the projection period (CY 2026). This process will be outlined in the steps below and correspond to the "McLaren MI 2024 Individual Experience" column of Appendix A.

4.3.1 Trend Factors

Trend Factors (cost/utilization)

A trend assumption was applied to trend CY 2024 claims costs to CY 2026 claims costs. The trend assumptions shown in Worksheet 1, Section 2 of the URRT represent ongoing increases in utilization and unit costs. We have based our assumptions on a review of recent rate filings in the Michigan individual market, review of McLaren CY 2023 to CY 2025 annualized trends, and actuarial judgement. The trend assumptions do not include any expected changes in demographics, benefit changes, or provider contracting changes. The composite trend application can be seen in Steps 4 & 5 of Appendix A.

4.3.2 Adjustments to Trended EHB Allowed Claims PMPM

Morbidity Adjustment

A morbidity adjustment was applied to 2024 McLaren experience to translate base morbidity to 2026 projected morbidity. We estimated expected differences in the morbidity defined as plan liability risk score (2023 HHS model) normalized by the average induced demand, the average actuarial value, and demographic factor between the base period and the projection period. Because this ratio includes components of age and area, we back out the Step 6 demographic adjustment to arrive at a WACA morbidity adjustment shown in Step 7 of Appendix A.

COVID-19 Adjustment

We have not applied any explicit COVID-19 adjustments.

ePTC Adjustment

We have applied an explicit 1.017 morbidity adjustment due to expected market changes based on the expiration of the enhanced Premium Tax Credits (ePTC) made available under the American Rescue Plan Act.

Demographic Shift

The demographic adjustment factor is shown in Step 6 of Appendix A. The demographic adjustment factor translates WACA age and metal distribution to the projected McLaren distribution.

Plan Design Changes

No adjustment for changes in covered services has been applied.

Other Adjustments

Wakely made no other adjustments.

4.3.3 Manual Rate Adjustments***Source and Appropriateness of Experience Data Used***

Given less than full credibility of 2024 experience, 2023 McLaren MI Individual experience was used to develop the manual rate.

Adjustments Made to the Data***Morbidity Adjustment***

A morbidity adjustment was applied to 2023 McLaren experience to translate base morbidity to 2026 projected morbidity. We estimated expected differences in the morbidity defined as plan liability risk score (2023 HHS model) normalized by the average induced demand, the average actuarial value, and demographic factor between the base period and the projection period. Because this ratio includes components of age and area, we back out the Step 6 manual demographic adjustment to arrive at a WACA morbidity adjustment shown in Step 7 of Appendix A. An additional morbidity adjustment was made due to the expected ePTC expiration. We applied the same adjustment as described in the experience portion of the memorandum.

Demographic Shift

The demographic adjustment factor is shown in Step 6 of Appendix A. The demographic adjustment factor translates WACA age and metal distribution to the projected McLaren distribution.

Trend

We have trended the 2023 data to 2026 using the same annualized trend assumption as the experience, trended one year further. The composite trend application can be seen in Steps 4 & 5 of Appendix A.

Inclusion of Capitation Payments

Per McLaren, there are no capitated arrangements.

Other Adjustments

Wakely made no other adjustments.

4.3.4 Credibility of Experience

Credibility assigned to base period experience: 61.3%.

The following formula was used for assigning credibility to the experience period:

$$z = \min \left(1, \left(\frac{MM}{85,589} \right)^{.5} \right)$$

Experience Period Member Months (MM)

Credibility factor (z)

The determination of full credibility depends on the assumed variation in the claim experience and was based on an application of classical credibility theory and/or credibility assumptions observed by reviewing historical URRT Worksheet 1 data.

Actuary Standard of Practice #25, “Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages”, was considered when determining the credibility level.

4.3.5 Establishing the Index Rate

The Experience Period Index Rate is reflected in Step 3 of Appendix A. This figure excludes non-EHBs, which are defined as adult vision exams.

The Projection Period Index Rate is shown in Step 11 of Appendix A, which matches the Projection Period Index Rate found on URRT Worksheet 1, Section 2.

4.3.6 Development of the Market-wide Adjusted Index Rate

The Market Adjusted Index rate for the projection period is shown on Step 15 of Appendix A. Per HHS instructions, we included the impact of risk adjustment, converted to an allowed basis.

Reinsurance

There are no applicable federal or state reinsurance programs.

Risk Adjustment Payment/Charge

We have estimated market average premiums will increase by 10.9% annually from 2024 to 2026, which represents the average MI ACA 2025 approved rate increase. The projected risk transfer is expected to be a receivable of \$57.29 as shown on Worksheet 2, line 4.16. Worksheet 1, Section II of the URRT displays this amount on an allowed basis. The risk transfer was estimated assuming the same relative risk estimate for CY2024, remixed to 2026 projected metal mix.

McLaren is not expecting additional adjustments as a result of RADV audits.

For the high-cost risk pool, we are assuming that recoveries will offset assessments.

The projected risk adjustment payable was converted to an allowed amount when developing the Market Adjusted Index Rate.

Exchange User Fees

An exchange user fee of 2.50% was applied.

4.4 Plan Adjusted Index Rate

Plan adjusted index rates were developed by applying allowable plan level adjustments to the Market Adjusted Index Rate. The development of the plan adjusted index rates can be found in Appendix B. The following describes how each component of the adjustments were developed.

Actuarial Value and Cost-Sharing Design of the Plan

Wakely has developed the Wakely Pricing Model to develop pricing Actuarial Values (AVs). The model is updated by Wakely each year with new ACA data and refinements. Additional adjustments were made to account for expected induced utilization, driven by cost sharing differences across each plan. Induced utilization factors were applied at the plan level. These factors were developed based on proprietary Wakely ACA datasets. Utilization factors reflect the impact of differences in cost sharing on utilization; health status differences are not reflected in utilization factors. The range of Induced demand factors by metal level are shown below. Induced demand factors are normalized to McLaren's 2026 estimated membership mix by plan, averaging a 1.0 in total, and are applied to the base rate in order to develop member premiums.

Table 4.4.1 - Induced Demand

Plan Level	IU Factors
Catastrophic	0.932
Bronze	0.913-0.951
Silver	1.011-1.012
Gold	1.075

CSR Load

We have included an adjustment to the filed plans to reflect the impact of cost share reduction subsidies (CSRs) not being funded by the federal government. To reflect the additional cost of the CSRs on all plans to McLaren, we have increased the pricing AVs. Wakely applied a pricing AV reflecting the weighted average blend of projected membership and CSR Variant pricing for each Silver plan. The development of CSR load by plan can be seen in Appendix G.

Provider Network, Delivery System and Utilization Management Adjustment

McLaren offers a narrower network for plan 017. The network factor is unchanged from the 2026 network factor applied for the Rewards plans. The adjustment factor is illustrated in column 5 of Appendix B.

Adjustments for benefits in addition to EHB

The adult vision exam is considered the only Non-EHB. The adjustment factor is illustrated in column 6 of Appendix B.

Impact of Specific Eligibility Categories for Catastrophic Plan

We have applied the same catastrophic adjustment factor as 2025 rate setting, as illustrated in column 7 of Appendix B.

Adjustment for Distribution and Administrative Costs

Administrative costs, taxes and fees are applied on a percentage of revenue basis as shown in columns 8 and 9 of Appendix B. Administrative Expense load does not vary by plan or product and is allocated equally across plans. The margin assumption is applied as a percentage of revenue as illustrated in column 10 of Appendix B.

The below table illustrates the allocation of non-benefit expenses:

Table 4.4.1.1 Non-Benefit Expenses

Non-Benefit Expense	Renewal
General Admin (% of Premium)	13.31%
Commissions (% of Premium)	2.60%
Profit (% of Premium)	1.42%
Risk Adjustment Fee (PMPM)	\$0.20
PCORI Fee (PMPM)	\$0.29
Michigan Insurance Provider Assessment (PMPM)	\$2.40

4.5 Calibration

Appendices B and D demonstrate how the Plan Level Index Rate and age curve are used to generate a schedule of premiums.

Age Curve Calibration

The age calibration factor is shown in column 12 of Appendix B. The projected average age factor is 1.674 which translates to an average age of 48. The derivation of the age calibration factor is shown in Appendix E. The age factor is based on February 2025 enrollment, which we assume is representative of the projected 2026 enrollment by age.

Geographic Factor Calibration

There is no geographic calibration as shown by the 1.000 factor in column 13 of Appendix B.

Tobacco Use Rating Factor Calibration

The tobacco calibration factor is shown in column 14 of Appendix B. The derivation of the tobacco calibration factor is shown in Appendix E.

4.6 Consumer Adjusted Premium Rate Development

The consumer adjusted index rates were calculated by multiplying the calibrated plan adjusted index rates by the consumer's specific age factor, area, and tobacco status, if applicable. We used the Federal 3:1 age curve to develop age factors. The rating factors and an example application are shown in Appendix D.

5. PROJECTED LOSS RATIO

The projected MLR using the federally prescribed MLR methodology is illustrated in Appendix C. Please note this is a one-year estimate. Actual MLR calculations are performed over 3-years.

6. PLAN PRODUCT INFO

6.1 AV Metal Values

The plan AV Metal Values included in Worksheet 2 of the URRT were unadjusted and calculated using the AV Calculator as provided by McLaren. The AV Screen shots can be seen in the attached document, "McLaren_IND_2026AVScreenshots_Version1.pdf".

6.2 Membership Projections

The membership projections for 2026 were estimate by McLaren and based largely on the current plan enrollment distribution with an anticipated reduction in enrollment due to the expiration of enhanced Advance Premium Tax Credits. Projected membership can be seen on line 4.9 of Worksheet 2, Section IV.

6.3 Terminated Plans and Products

Plans 74917MI00200014, 74917MI0020015, and 74917MI0020016 were Crosswalked and Terminated in 2025, but are still displayed on Worksheet 2 of the URRT.

6.4 Plan Type

The drop downs in Worksheet 2, Section 1 of the URRT describe the issuer's plan appropriately.

7. MISCELLANEOUS

7.1 Effective Rate Review Information (optional)

A sample rate calculation is provided in Appendix D.

As illustrated in URRT WK 2, the following plans have annualized rate changes equal or exceeding 15%:

74917MI0020004
74917MI0020011
74917MI0020024
74917MI0020013
74917MI0020017
74917MI0020005
74917MI0020018
74917MI0020006

This rate filing follows the autism benefits described in Order No. 14-017-M.

Rate Review Detail Calculations

The Rate Review Detail section of the SERFF filing is derived from the Rate Table and URRT WK1 and WK2.

- Member Months: 2.10 WK2 x 12
- Percent Rate Change Requested: 1.12 WK2
- Prior Period Total Earned Premium: 2.11 WK2 x Member Months
- Prior Period Total Incurred Claims: (Prior Period Total Earned Premium) x (1 - 2025 Administrative Costs from URRT WK 2)
- Prior Period Annualized PMPMs: Min and max are from the 2025 Rate Table. Weighted average is equal to 2.11 WK2.
- Requested Date Projected Earned Premium: 4.8 WK2
- Requested Date Projected Incurred Claims: 4.6 WK2
- Requested Date Annualized PMPMs: Min and max are from the 2025 Rate Table. Weighted average is equal to 4.17 WK2.

EHB Apportionment

In the 2024 base period, 0.04% of claims are attributable to pediatric dental.

Abortion Benefits

McLaren is not offering coverage for elective abortions as a rider on any of their off-marketplace plans.

7.2 Reliance

Wakely relied on information provided by McLaren, proprietary Wakely data, and publicly available data to develop the 2026 individual premium rates. A reliance statement is included in Appendix F. This information includes, but is not limited to the following:

- Base data and enrollment, including financial reconciliation
- Membership Projections
- Product design information
- Administrative cost projections
- Capitation fees and/or other related provider costs
- Provider network and provider contracting information including target pricing
- Smoker rating assumptions
- Input on PHE unwinding

7.3 Actuarial Certification

I, Luke Brehmer, am a Fellow in the Society of Actuaries (FSA) and a member of the American Academy of Actuaries (MAAA). I meet the Qualification Standards of Actuarial Opinion as adopted by the American Academy of Actuaries for preparing premium rate filings for insurers.

This actuarial certification applies to the McLaren Health Plans Individual product to be offered in the federal health exchange. I certify that the projected index rate is:

- In compliance with all applicable state and Federal statutes and regulations.
 - 45 CFR 156.80 and 147.102
 - MCL 500.234 and MCL 500.2213
- Developed in compliance with applicable Actuarial Standards of Practice, including:
 - ASOP No. 5, Incurred Health and Disability Claims
 - ASOP No. 8, Regulatory Filings for Health Plan Entities
 - ASOP No. 12, Risk Classification
 - ASOP No. 23, Data Quality
 - ASOP No. 25, Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages
 - ASOP No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans
 - ASOP No. 41, Actuarial Communication
 - ASOP No. 42, Determining Health and Disability Liabilities Other Than Liabilities for Incurred Claims
 - ASOP No. 45, The Use of Health Status Based Risk Adjustment Methodologies
 - ASOP No. 50, Determining Minimum Value and Actuarial Value under the Affordable Care Act
 - ASOP No. 56, Modeling
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient, although actual experience will vary from the estimates given the inherent uncertainty in developing premium rates under the ACA.

The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

The geographic rating factors reflect only difference in the cost of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

The Federal AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Unified Rate Review Template for all plans. No alternate methodology was used.

The Part I Unified Rate Review Template does not demonstrate the process used to develop the rates. Rather it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

Sincerely,

A handwritten signature in black ink that reads 'Luke Brehmer'.

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Appendix A – Projection Period Allowed PMPM (EHBs Only)

ID	Description	McLaren MI 2024 IND Experience		McLaren MI 2023 IND Experience		Blended
		Total Factor	PMPM	Total Factor	PMPM	Total PMPM
1	Base Period Claims Allowed PMPM, with IBNR, Net of Rebates		\$830.40			
2	Non-EHB Adj		<u>0.9997</u>			
3	2024 Base Period Allowed Claims Cost PMPM		\$830.17		\$649.38	
	<u>Projected Index Rate Development (EHBs Only)</u>					
4	Util Trend (2-yr exp; 3-yr manual)	1.047	\$869.14	1.071	\$695.64	
5	Cost Trend (2-yr exp; 3-yr manual)	1.091	\$947.96	1.139	\$792.38	
6	Age and Area Mix	0.985	\$934.16	0.962	\$762.36	
7	Morbidity Adjustment	1.009	\$942.12	1.006	\$766.81	
8	Allowed PMPM before Cap		\$942.12			
9	Capitation Allowed PMPM	\$0.00				
10	Capitation Factor	<u>1.000</u>				
11	2026 Projection Period Allowed PMPM after Cap		\$942.12		\$766.81	\$874.31
12	Credibility		61.3%		38.7%	
13	Risk Adjustment Transfer PMPM after HCRP					(\$76.79)
14	Exchange User Fee % (Allowed Basis)					<u>2.98%</u>
15	2026 Market Adjusted Index Rate					\$822.03

Appendix B – Plan Adjusted Index Rate Development

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11] = ([3]x[4]x[5]x[6]x[7])/ (1-[8]-[9]-[10])	[12]	[13]	[14]	[15] = [11]/([12]*[13]*[14])
Plan ID	Metal	Market Adj Index Rate	AV and Cost- Sharing	Network	Non-EHBs	Catasrophic	Admin %	State Premium Tax	Margin %	Plan Adj Index Rate	Age Calibration Factor	Geographic Calibration Factor	Tobacco Calibration Factor	Plan Adj. Calibrated Index Rate
74917MI0020004	Catastrophic	\$ 822.03	0.570	1.011	1.0004	0.881	15.91%	0.39%	2.50%	\$ 513.70	1.674	1.000	1.004	\$ 305.69
74917MI0020011	Bronze	\$ 822.03	0.572	1.011	1.0004	1.000	15.91%	0.39%	0.00%	\$ 568.42	1.674	1.000	1.004	\$ 338.25
74917MI0020024	Bronze	\$ 822.03	0.618	1.011	1.0004	1.000	15.91%	0.39%	0.00%	\$ 614.09	1.674	1.000	1.004	\$ 365.43
74917MI0020013	Bronze	\$ 822.03	0.621	1.011	1.0004	1.000	15.91%	0.39%	0.00%	\$ 617.08	1.674	1.000	1.004	\$ 367.20
74917MI0020017	Silver	\$ 822.03	0.867	0.960	1.0004	1.000	15.91%	0.39%	2.50%	\$ 843.21	1.674	1.000	1.004	\$ 501.77
74917MI0020005	Silver	\$ 822.03	0.842	1.011	1.0004	1.000	15.91%	0.39%	2.50%	\$ 862.49	1.674	1.000	1.004	\$ 513.23
74917MI0020019	Silver	\$ 822.03	0.853	1.011	1.0004	1.000	15.91%	0.39%	2.50%	\$ 873.32	1.674	1.000	1.004	\$ 519.68
74917MI0020018	Gold	\$ 822.03	0.859	1.011	1.0004	1.000	15.91%	0.39%	2.50%	\$ 879.53	1.674	1.000	1.004	\$ 523.37
74917MI0020006	Gold	\$ 822.03	0.851	1.011	1.0004	1.000	15.91%	0.39%	2.50%	\$ 871.55	1.674	1.000	1.004	\$ 518.63

Appendix C – MLR Calculation

$$MLR = \frac{(i + q - s + n - r)}{(p + s - n + r) - t - f - (s - n + r)} + \frac{c}{p}$$

Where,

i = incurred claims

q = expenditures on quality improving activities

p = earned premiums

t = Federal and State taxes and assessments

f = licensing and regulatory fees, including transitional reinsurance contributions

s = issuer's transitional reinsurance receipts

n = issuer's risk corridors and risk adjustment related payments

r = issuer's risk corridors and risk adjustment related receipts

c = credibility adjustment, if any.

source: <http://www.gpo.gov/fdsys/pkg/FR-2013-03-11/pdf/2013-04902.pdf>

Item	Value	Source*
i	\$652.27	App B: $\sum([4] \times [5] \times [6] \times [7] \times [\text{projected membership}] \times [\text{Projected Index Rate}])$
q	\$6.52	Quality Initiatives -- 1% of claims Per McLaren
p	\$747.22	App B: $\sum([\text{projected membership}] \times [\text{PAIR}])$
t	\$21.18	\$2.40 MI Insurance Provider Assessment and 1.50% Exchange User Fee
f	\$0.29	PCORI
s	\$0.00	
n	\$0.00	
r	\$57.29	Risk Transfer
c	n/a	Not applying credibility adjustment

Numerator	=	\$601.50	=	82.9%
Denominator	=	\$725.75		

Appendix D - Consumer Adjusted Premium Rate Example

Consumer Adjusted Premium Rates	
HIOS #74917 - Individual	

Calibrated PAIR	
HIOS ID	Factor
74917MI0020004	\$305.69
74917MI0020006	\$518.63
74917MI0020011	\$338.25
74917MI0020013	\$367.20
74917MI0020019	\$519.68
74917MI0020024	\$365.43
74917MI0020005	\$513.23
74917MI0020018	\$523.37
74917MI0020017	\$501.77

Age Factors			
Age	Factor	Age	Factor
0-14	0.765	40	1.278
15	0.833	41	1.302
16	0.859	42	1.325
17	0.885	43	1.357
18	0.913	44	1.397
19	0.941	45	1.444
20	0.970	46	1.500
21	1.000	47	1.563
22	1.000	48	1.635
23	1.000	49	1.706
24	1.000	50	1.786
25	1.004	51	1.865
26	1.024	52	1.952
27	1.048	53	2.040
28	1.087	54	2.135
29	1.119	55	2.230
30	1.135	56	2.333
31	1.159	57	2.437
32	1.183	58	2.548
33	1.198	59	2.603
34	1.214	60	2.714
35	1.222	61	2.810
36	1.230	62	2.873
37	1.238	63	2.952
38	1.246	64+	3.000
39	1.262		

Area Factors	
Area Number	Factor
Rating Area 1	1.315
Rating Area 2	1.066
Rating Area 3	0.984
Rating Area 4	1.315
Rating Area 5	0.984
Rating Area 6	1.030
Rating Area 7	0.964
Rating Area 8	1.030
Rating Area 9	1.218
Rating Area 10	1.218
Rating Area 11	1.218
Rating Area 12	1.218
Rating Area 13	1.218
Rating Area 14	1.046
Rating Area 15	1.046

Tobacco Factors	
Non-Tobacco	1.00
Tobacco (21+)	1.15

Rate Formula: Calibrated PAIR * Age Factor * Area Factor * Tobacco Factor

Example: 21 year old with plan 74917MI0020006 in Rating Area 1, non-smoker
= \$518.63 * 1.000 * 1.315 * 1.000
= \$681.91

Appendix E – Age and Tobacco Calibration Factors

A	B	C	D	E
Age	Projected Enrollment	Projected Tobacco	Age Factor	Tobacco Factor
0-14	11.4%	0.0%	0.765	1.000
15	1.0%	0.0%	0.833	1.000
16	0.9%	0.0%	0.859	1.000
17	1.0%	0.0%	0.885	1.000
18	0.9%	0.0%	0.913	1.000
19	0.7%	0.0%	0.941	1.000
20	0.7%	0.0%	0.970	1.000
21	1.0%	3.2%	1.000	1.150
22	0.8%	3.2%	1.000	1.150
23	1.2%	3.2%	1.000	1.150
24	1.1%	3.2%	1.000	1.150
25	0.9%	3.2%	1.004	1.150
26	1.6%	3.2%	1.024	1.150
27	1.8%	3.2%	1.048	1.150
28	1.5%	3.2%	1.087	1.150
29	2.0%	3.2%	1.119	1.150
30	1.7%	3.2%	1.135	1.150
31	1.3%	3.2%	1.159	1.150
32	1.5%	3.2%	1.183	1.150
33	1.4%	3.2%	1.198	1.150
34	1.9%	3.2%	1.214	1.150
35	1.8%	3.2%	1.222	1.150
36	1.6%	3.2%	1.230	1.150
37	1.4%	3.2%	1.238	1.150
38	1.5%	3.2%	1.246	1.150
39	1.8%	3.2%	1.262	1.150
40	1.5%	3.2%	1.278	1.150
41	2.1%	3.2%	1.302	1.150
42	1.3%	3.2%	1.325	1.150
43	1.4%	3.2%	1.357	1.150
44	1.6%	3.2%	1.397	1.150
45	1.7%	3.2%	1.444	1.150
46	1.7%	3.2%	1.500	1.150
47	2.1%	3.2%	1.563	1.150
48	1.4%	3.2%	1.635	1.150
49	1.6%	3.2%	1.706	1.150
50	1.5%	3.2%	1.786	1.150
51	2.1%	3.2%	1.865	1.150
52	1.8%	3.2%	1.952	1.150
53	2.0%	3.2%	2.040	1.150
54	2.1%	3.2%	2.135	1.150
55	2.3%	3.2%	2.230	1.150
56	2.1%	3.2%	2.333	1.150
57	2.2%	3.2%	2.437	1.150
58	3.1%	3.2%	2.548	1.150
59	2.6%	3.2%	2.603	1.150
60	2.3%	3.2%	2.714	1.150
61	3.1%	3.2%	2.810	1.150
62	3.3%	3.2%	2.873	1.150
63	3.7%	3.2%	2.952	1.150
64 and over	4.7%	3.2%	3.000	1.150

Calibration Factors

Age Calibration Factor	1.674
Tobacco Calibration Factor	1.004

Age = sumproduct(B,D)

Tobacco = sumproduct(B,C,E)+(1-sumproduct(B,C))

Appendix F - McLaren Health Plan Reliance Statement



AFFIDAVIT

McLaren Health Plan Community (Company) has provided Wakely Consulting Group, LLC, an HMA Company, 5402 Parkdale Drive, Suite 300, Minneapolis, MN 55416 (Wakely) with information used to develop 2026 QHP rate filing. The data and information provided was prepared under my direction, and to the best of my knowledge and belief, are substantially accurate and complete with respect to all data elements.

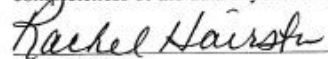
These data include, but are not limited to:

- Medical and prescription drug claims incurred in 2023, 2024, and emerging 2025
- Capitation fees and/or other related provider costs
- Reinsurance premiums and recoveries
- Membership data, including member months in both the base and projected periods
- 2024 premiums by plan
- Financial statement data
- Risk adjustment information and data, including RADV expectations for 2026
- Unit cost information
- Administrative and non-benefit expenses
- Guidance regarding the impact of the expiration of the Public Health Emergency
- Guidance regarding the impact of the expiration of the American Rescue Plan (ARPA) and the impact of Enhanced Advanced Premium Tax Credits (eAPTC) going away
- Guidance regarding the potential for Congress to appropriate funds to make CSR payments to issuers
- Product design information including CMS AV Calculator screenshots
- Confirmation that Adult Vision exams are the only non-EHBs in base and projection period
- Provider network information including target pricing
- Provider network information regarding a narrow network unit cost savings relative to the broader, general McLaren network
- Information on CCHIO and Michigan Department of Insurance and Financial Services rules and regulations, interpretations and confirmation of McLaren's relationship with the providers

Furthermore, I represent that to the best of my knowledge and belief:

- All information that would affect the development of the filing has been provided to Wakely;
- I have reviewed the base period data and the reconciliation of the data to financial statements;
- The Company is in compliance with autism benefits described in Order No. 13-017-M;
- The gain/loss margin represented in the rates is consistent with Company targets; and
- The projected expenses and revenue presented in the URRT and Rates Template are a fair projection of the Company's expected costs and revenues for this product and has been prepared consistent with applicable laws, rules and instructions.

I understand that Wakely is relying on these items to develop the filing and has not audited the accuracy or completeness of the data beyond a reasonability assessment.



Rachel Hairston
Vice President, Finance
McLaren Health Plan Community

6/12/25
Date

Appendix G – Silver CSR Load Development

IOS_16	HIOS_14	Plan Name	CSR	Pricing AV	Proj. MMs
74917MI0020005-00	74917MI0020005	MHP Silver Exchange	00	71.9%	12
74917MI0020005-01	74917MI0020005	MHP Silver Exchange	01	71.9%	648
74917MI0020005-04	74917MI0020005	MHP Silver Exchange 73%	04	74.5%	444
74917MI0020005-05	74917MI0020005	MHP Silver Exchange 87%	05	87.8%	1,056
74917MI0020005-06	74917MI0020005	MHP Silver Exchange 94%	06	94.0%	600
74917MI0020017-00	74917MI0020017	MHP Silver Exchange Rewards	00	73.1%	12
74917MI0020017-01	74917MI0020017	MHP Silver Exchange Rewards	01	73.1%	720
74917MI0020017-04	74917MI0020017	MHP Silver Exchange Rewards 73%	04	75.7%	660
74917MI0020017-05	74917MI0020017	MHP Silver Exchange Rewards 87%	05	86.9%	1,872
74917MI0020017-06	74917MI0020017	MHP Silver Exchange Rewards 94%	06	93.9%	1,620
74917MI0020019-00	74917MI0020019	MHP Silver Standard	00	71.2%	2
74917MI0020019-01	74917MI0020019	MHP Silver Standard	01	71.2%	49
74917MI0020019-04	74917MI0020019	MHP Silver Standard 73%	04	75.2%	40
74917MI0020019-05	74917MI0020019	MHP Silver Standard 87%	05	86.9%	106
74917MI0020019-06	74917MI0020019	MHP Silver Standard 94%	06	93.9%	79

Plan ID	Metal	Standard AV	Member Weighted CSR AV
74917MI0020005	Silver	71.9%	83.2%
74917MI0020017	Silver	73.1%	85.7%
74917MI0020019	Silver	71.2%	84.3%