

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 9,580 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 31.96%. The requested rate change varies by product with the smallest average change of 31.1% for Peak PPO Bronze Standard and the largest average change of 32.5% for Peak PPO Silver.

Most Significant Factors

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

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|-----------------------------------|-----|
| • Morbidity/Experience Adjustment | 15% |
| • Risk Adjustment | 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%.

Financial Experience

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

• Premiums Earned before Risk Adjustment:	\$62.8 million
• Incurred Claims after CSR:	\$54.1 million
• Member Months:	62,824

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:

• Claims (Net of Risk Adj. & Reinsurance):	82%
• Administrative Costs:	12%
• Federal Taxes and Fees:	1%
• Commissions:	2%
• Surplus, Profit, and Risk Margin:	3%