1. Introduction and Purpose

The purpose of this document, which is submitted in conjunction with the Part I Unified Rate Review Template (URRT), is to comply with the requirements of the Part III Actuarial Memorandum and to support the premium rates developed for Oscar Garden State Insurance Corporation's (Oscar's) Affordable Care Act (ACA) products in the individual market, with an effective date of January 1, 2026.

This actuarial memorandum provides certain information related to the rate filing submission including compliance with the New Jersey Administrative Code 11:21-6.3 and support for the values entered into the URRT, which demonstrates compliance with the market rating rules and reasonableness of applicable rate increases.

This information is intended for use by the New Jersey Department of Banking and Insurance (NJDOBI), the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of Oscar's individual market rate filing.

Future regulatory changes may affect the extent to which the rates presented herein are neither excessive nor deficient.

2. General Information

Company Identifying Information

Company Legal Name:	Oscar Garden State Insurance Corporation
State:	New Jersey
HIOS Issuer ID:	23818
Market:	Individual
Effective Date:	January 1, 2026

Company Contact Information

[redacted]

3. Proposed Rate Increases

Reason for Rate Increase(s)

Exhibit A summarizes the proposed rate changes by plan effective January 1, 2026. Rate changes vary by plan due to a combination of factors including shifts in benefit relativities in both benefit leveraging and cost-sharing indexing and modifications to the plan behavior change factors. Using in-force business as of March 2025, the proposed average rate change for renewing plans is [redacted] This rate increase is absent of rate changes due to attained age.

The significant factors driving the proposed rate change are described in the following attribution summary and are displayed quantitatively in Table 1.

Table 1
Quantitative Support of Attribution Analysis

Description	Value
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Cost Sharing Reduction (CSR) Adjustments
The proposed rates contained herein assume that CSR subsidies will remain unfunded by the federal government and that the resulting shortfall will be applied exclusively to Oscar's on-exchange silver plans.

Oscar's CSR load factors applied to the base silver actuarial value and cost sharing adjustments are in the range of [redacted] to [redacted]. The CSR load factors included in the 2026 plan year rate development are comparable with the factors included in the current rates, and Oscar does not anticipate the load factors to contribute materially to the rate change.

Claim Experience in 2024
Oscar's rates are developed using a single risk pool, established according to the requirements in 45 CFR Part 156, §156.80(d). The experience period data is based on all Oscar individual market policies in New Jersey and the projection period reflects all projected covered lives for every non-grandfathered product/plan combination for Oscar in the New Jersey individual market.

The factor included in Table 1 represents the impact to premium due to assumptions inherent in the projected risk adjustment transfer — namely increases to the statewide average premium and changes to the Health and Human Services Hierarchical Condition Categories (HHS-HCC) coefficients from the 2025 plan year to the 2026 plan year — and anticipated impacts due to changes in both the level of prescription drug rebates and the pooling of high cost claimants.

Market Morbidity
Rates were developed based on the anticipated change in New Jersey individual market enrollments for the 2026 plan year and the resulting impact on market morbidity.

Impact of 1332 Reinsurance
The reinsurance recoveries were developed on a percent of net claims approach using the proposed parameters for the 2026 plan year — $35,000 attachment point, coinsurance of 50%, up to a reinsurance cap of $270,000.

Medical and Prescription Drug Inflation and Utilization Trends
The projected premium rates reflect the most recent emerging experience which was trended for anticipated changes due to medical and prescription drug inflation and utilization. Average cost trends were developed based on Oscar's anticipated reimbursement levels. Utilization trends were developed at the broad service category level: inpatient facility, outpatient facility, professional, other, and prescription drugs.

Prospective Benefit Changes
Plan benefits have been revised as a result of changes in the Center for Medicare and Medicaid Services (CMS) Actuarial Value requirements, as well as for strategic product considerations. Impact due to trend leveraging is also included here.

Admin, Taxes and Fees, and Risk Margin
Changes to the overall premium level are needed because of anticipated changes in both administrative expenses and targeted risk margin from what was included in the current premium rates.

Rate Development Overview
The plans included in this rate filing are to be offered for sale effective January 1, 2026. Oscar's rate development, including the methodology described below, is based on generally accepted actuarial principles for community rated individual blocks of business.

Underlying Claim Experience
Oscar started with individual claim experience from January 1, 2024 through December 31, 2024, with runout through March 31, 2025 as the experience basis in the projection. The claim amount includes an estimate for Incurred But Not Reported (IBNR) claims.

Trend
Oscar applied utilization and unit cost trends to the underlying medical and prescription drug claims to reflect the expected claim levels in the projection period.

Benefit Adjustment
The projected claims were adjusted to reflect the benefits for each of the products to be offered on and off the exchange.

Demographics and Morbidity
The starting claim experience was adjusted to reflect changes in the anticipated morbidity and demographics corresponding to Oscar's projected 2026 membership distribution.

Market Morbidity
The starting claim experience was additionally adjusted to reflect changes in the anticipated market morbidity from the experience period to the projection period in response to the uncertainty inherent in the marketplace.

Network Adjustment
The projected claims were adjusted to reflect changes in the anticipated provider reimbursement levels and network configuration.

State-Based Reinsurance Program
The claim experience was adjusted to reflect projected change in reinsurance recoveries. The reinsurance recoveries were developed on a percent of net claims approach using the proposed parameters for the 2026 plan year — $35,000 attachment point, coinsurance of 50%, up to a reinsurance cap of $270,000.

Risk Adjustment
The projected claims were adjusted to reflect payments to the individual (catastrophic and non-catastrophic) risk pool as a result of the risk adjustment program.

Administrative Expenses and Risk Margin
The premium incorporates an average 9.3% administrative charge, which is inclusive of general administrative expenses, broker commissions, and risk margin.

Taxes and Fees
The premium rates reflect applicable state and federal taxes and fees for the 2026 plan year.

4. Market Experience

4.1. Experience and Current Period Premium, Claims, and Enrollment

Oscar's rates are developed using a single risk pool, established according to the requirements in 45 CFR Part 156, §156.80(d). The experience period data is based on all Oscar individual market policies in New Jersey and the projection period reflects all projected covered lives for every non-grandfathered product/plan combination for Oscar in the New Jersey individual market.

The premium earned during the experience period and as reported on Worksheet 1, Section I of the URRT are from Oscar's data warehouse for calendar year 2024. The premiums do not reflect an adjustment for MLR rebates as Oscar does not anticipate paying rebates for the base period.

Paid Through Date

The experience period in Worksheet 1, Section I of the URRT shows Oscar's earned premium and incurred claims for the experience period of January 1, 2024 through December 31, 2024, with claims paid through March 31, 2025.

Current Date

The current period in Worksheet 2, Section II of the URRT shows Oscar's premium and enrollment using in-force business as of March 2025.

Allowed and Incurred Claims Incurred During the Experience Period

Oscar's calendar year 2024 medical and pharmacy claim data was used for developing the single risk pool claims. Worksheet 1, Section I of the URRT outlines Oscar's best estimate of claims incurred during the experience period. The estimate includes:

- Claims processed through Oscar's claim system,
- Claims processed outside of the claim system (e.g. pediatric dental and vision services), and
- Oscar's best estimate of IBNR.

Oscar's claim reserves consists of liabilities for both claims incurred but not reported ("IBNR") and reported but not yet processed through our systems that are determined by employing actuarial methods that are commonly used by health insurance actuaries. The completion factor development method is utilized for non-catastrophic claims (under $250,000), supplemented by a projected per-member per-month (PMPM) claims methodology for generally the most recent two months. Projected PMPMs are developed from the Company's historical experience and adjusted for emerging experience data in the preceding months, which may include adjustments for known changes in estimates of recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, claim inventory levels, product mix, and workday seasonality. A seriatim methodology is utilized for single catastrophic claims (over $250,000), supplemented by known open cases that are in various stages of review by Oscar's medical management team, or under bill audit review. A separate accrual process is also employed to develop reserves for exposure related to out-of-network and other provider disputed claims.

IBNR accounts for [redacted] of total completed incurred claims.

4.2. Benefit Categories

The benefit categories described below are based on the algorithm used by Milliman's *Health Cost Guidelines*™ (HCGs). The HCG grouper uses a combination of Diagnosis Related Groups (DRGs), Current Procedural Terminology Codes – Fourth Edition (CPT-4 Codes), Healthcare Common Procedural Coding System codes (HCPCS), and revenue codes to allocate detailed claims into roughly 60 benefit categories.

The utilization and unit cost data for rate development were assigned to benefit categories as shown in Worksheet 1, Section I of the URRT based on place and type of service using a detailed claim mapping algorithm, which can be summarized as follows:

Inpatient Hospital

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

Outpatient Hospital

Includes non-capitated facility services for surgical, emergency room, ancillary, observation and other services provided in an outpatient facility setting and billed by the facility.

Professional

Includes non-capitated primary care, specialty care, therapy, the professional component of laboratory and radiology, and other professional services, except for hospital based professionals whose payments are included in facility fees.

Other Medical

Includes non-capitated ambulance, home health care, durable medical equipment, prosthetics, supplies, vision exams, dental services and other services. The measurement units for utilization used in this category are a mix of visits, cases, and procedures.

Prescription Drug

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

4.3. Projection Factors

This section includes a description of each factor used to project the experience period allowed claims to the projection period, supporting information related to the development of those factors is also included.

Trend Factors – Cost and Utilization

Average cost trends were developed based on Oscar's anticipated reimbursement levels. Utilization trends were developed at the broad service category level: inpatient facility, outpatient facility, professional, other, and prescription drugs. Utilization trend assumptions were generally estimated using Milliman's HCG secular utilization trend levels, which are based on large data sets and are widely used by insurers and others to estimate expected claim costs and model healthcare utilization. The utilization trend assumptions are secular, industry-wide trends and do not reflect any differences in projected utilization due to geographic region on either the state or county level. These trends are based on the healthcare environment at the time of the rate filing and do not reflect the impact of any potential health care reform or changes in market morbidity.

Table 2 provides the annualized trend assumptions that were used to adjust the allowed claims from the experience period to the projection period. The overall trend used to get from the experience period to the projection period is based on an unleveraged prospective annual trend of [redacted].

Table 2 Annual Trend Assumptions			
Benefit Category	Trend		
	Utilization	Unit Cost	Total
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Please note that Oscar does not project average cost or utilization trends at lower levels of granularity than what is provided in Worksheet 1, Section II of the URRT. Oscar anticipates both primary care and behavioral health trends to approximately align with the broad service category levels provided above.

The trend factors by benefit category are included in the "Year 1 Trend" and "Year 2 Trend" entries on Worksheet 1, Section II of the URRT.

Adjustments to Trended EHB Allowed Claims PMPM

Morbidity Adjustment

The starting claim experience was adjusted to reflect changes in the anticipated morbidity corresponding to Oscar's projected demographic mix and membership distributions.

A second adjustment was included to reflect changes in the anticipated market morbidity in response to the uncertainty inherent in the marketplace. Specifically, Oscar anticipated changes to the market morbidity associated with the change in New Jersey's enrollment for the projection period relative to the experience period, due to the ending of the enhanced subsidies introduced by the American Rescue Plan Act, as well as the several new procedures and requirements introduced by the 2025 Marketplace Integrity and Affordability Proposed Rule.

Lastly, in the development of the anticipated changes in the market morbidity, Oscar applied an adjustment to the implied duration of Medicaid Redeterminations that enrolled in the ACA Marketplace in 2024, to extrapolate forward for a full year of experience.

These adjustments reflect the projected change in claim costs outside of the underlying demographics of the covered population and were also assumed when estimating the risk adjustment transfer for the projection period. A summary of the morbidity adjustments are provided in the table below.

Morbidity Trend Assumptions	
Attribute	Factor
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

A combined factor of [redacted] is included in the "Morbidity Adjustment" entry on Worksheet 1, Section II of the URRT.

Demographic Shift

An adjustment was included to account for the anticipated changes in demographic mix — in both age/gender and geography — between the experience period and the projection period.

A factor of [redacted] is included in the "Demographic Shift" entry on Worksheet 1, Section II of the URRT.

Plan Design Changes

Oscar applied an adjustment to account for the anticipated changes in the average utilization of services due to differences in average cost sharing requirements between the experience period and projection period. Plan behavior change factors were applied at the plan level using factors developed from Oscar's risk adjusted individual claim experience. The resulting allowed and net claim costs for each plan reflect differences due to cost sharing and the impact of plan behavior change only, and not due to health status.

A factor of [redacted] is included in the "Plan Design Changes" entry on Worksheet 1, Section II of the URRT.

Other Adjustments – Changes in Network

Oscar applied an adjustment of [redacted] to account for anticipated changes in provider reimbursement levels between the experience period and projection period. The reimbursement changes are due to Oscar's expansion into additional counties, resulting in a change in the expected distribution of utilization across providers in Oscar's existing network.

Other Adjustments – Prescription Drug Rebates

An adjustment of [redacted] was included to account for the anticipated changes in the level of prescription drug rebates between the experience period and projection period.

Other Adjustments – Pooling Charge

An adjustment [redacted] of was included to account for Oscar experiencing marginally higher than expected shock claims during the experience period. In this context, a shock claim is defined as annual costs in excess of $750,000 per individual claimant.

Other Adjustments - Combined

A combined factor of [redacted] is included in the "Other" entry on Worksheet 1, Section II of the URRT.

Manual Rate Adjustments

Not applicable. Oscar's historical experience is fully credible for the purposes of rate projections.

Source and Appropriateness of Experience Data Used

Not applicable.

Adjustments Made to the Data

Not applicable.

Inclusion of Capitation Payments

Not applicable.

Credibility of Experience

In accordance with Actuarial Standards of Practice (ASOP) #25 — Credibility Procedures, Oscar's internal credibility manual, determined from statistical relationships inherent in nationwide experience in the individual market, assigns full credibility at 85,000 member months. Oscar's experience includes 256,065 member months and is considered fully credible for purposes of developing claim projections.

Establishing the Index Rate

Experience Period

As shown in Worksheet 1, Section II of the URRT, the experience period index rate is [redacted]. The experience period index rate reflects the estimated total combined allowed essential health benefit (EHB) claim experience in the single risk pool, and is not adjusted for payments and charges under the risk adjustment program or for marketplace user fees.

Projection Period

The index rate is defined as the EHB portion of projected allowed claims with respect to trend, benefit, and demographics and divided by all projected single risk pool lives. Oscar's projection period index rate for the 2026 plan year as shown in Worksheet 1, Section II of the URRT is [redacted].

Development of the Market-Wide Adjusted Index Rate

The market-adjusted index rate is calculated as the sum of the projection period index rate, the net impact of the risk adjustment program and the exchange user fees. Table 3 details the projection period index rate, allowable market-wide modifiers as defined in 45 CFR Part 156, §156.80(d), and the resulting market-adjusted index rate.

Table 3
Market-Adjusted Index Rate

Description	Value
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

The adjustments in the table above reflect all of the market-wide modifiers allowed in federal regulation and the average demographic characteristics of the single risk pool. Please note the allowable market-wide modifiers were adjusted to an allowed basis in the development of the market-adjusted index rate which is consistent with the basis of the projected index rate.

Reinsurance Payment

The starting claim experience was adjusted to reflect the removal of the projected reinsurance recoveries due to the anticipated impact of the state-based reinsurance program proposed in the New Jersey 1332 waiver application that was approved by CMS on August 16, 2018. The reinsurance recoveries were developed on a percent of net claims approach using the proposed parameters for the 2026 plan year — $35,000 attachment point, coinsurance of 50%, up to a reinsurance cap of $270,000.

Oscar started with a subset of its New Jersey claim experience in the individual market as the basis for estimating the impact of reinsurance recoveries on net claims. The claim experience was both trended to the 2026 plan year at similar trend rates to that of what were included in the premium rate projections and additionally calibrated to align with the projected index rate. Oscar then bootstrapped the projected population with membership samples in line with Oscar's population in the New Jersey market.

The expected impact of the state reinsurance program was estimated to be a recovery of approximately [redacted] of net claims (i.e. the mean of the bootstrapped samples), which was then applied evenly across all plans in Oscar's individual market single risk pool.

Additionally, Oscar adjusted the risk adjustment transfer to account for the estimated impact of the state-based reinsurance program to the statewide average premium, which was then applied to the rate projection to bring the medical expense (i.e. net claims +/- risk adjustment) levels to market-wide levels, which form the basis of the market-adjusted index rate.

The projected reinsurance recovery amount, expressed on an allowed basis, is estimated as a recovery of [redacted] and is reflected on Worksheet 1, Section II of the URRT.

Risk Adjustment Payment/Charge

To estimate the risk adjustment PMPM, Oscar relied upon the results of the *Summary Report on Individual and Small Group Risk Adjustment Transfers for the 2024 Benefit Year* published by CMS on June 30, 2025 to estimate the market wide plan liability risk score, allowable rating factor, actuarial value, induced demand factor, and state average premium for the individual market. Oscar's geographic cost factor was also adjusted based on the anticipated geographic mix for the 2026 plan year.

Additional adjustments were made to account for the anticipated changes in the Health and Human Services Hierarchical Condition Categories (HHS-HCC) risk adjustment coefficient changes from the 2024 plan year to the 2026 plan year, for both Oscar and the market. These adjustments were determined from the HHS Risk Weight Conversion Tool that was supplied to Oscar by Wakely.

Oscar also included an adjustment to account for the anticipated impact of the Risk Adjustment Data Validation (RADV) audit on the 2026 plan year. To estimate the RADV impact, Oscar relied on historical experience in the individual market, measured anticipated risk adjustment coding error rates inherent in the 2022 and 2023 plan years, and forecasted those error rates to the projection period. The RADV impact is estimated as a payment of [redacted] PMPM

Lastly, Oscar considered the impact to the projected risk adjustment transfer for the addition of the high-cost risk pooling mechanism that was implemented starting with the 2018 plan year.

The projected risk adjustment transfer, net of the risk adjustment user fee and expressed on an allowed basis, is estimated as a payable of approximately [redacted] and is reflected in Worksheet 1, Section II of the URRT.

Any resulting risk adjustment transfer payments would be allocated proportionally across all plans in Oscar's individual market single risk pool.

Detailed quantitative support of the risk adjustment transfer projection is provided in Exhibit B.

Exchange User Fees

The exchange user fee was replaced by the IHC market fee and removed from the development of the market-adjusted index rate.

4.4. Plan-Adjusted Index Rate

Projected Plan-Adjusted Index Rates

Exhibit C summarizes the plan-adjusted index rates, which are determined by applying the allowable plan-level modifiers to the market-adjusted index rate.

The allowable modifiers as described in 45 CFR Part 156, §156.80(d)(2) are the following:

Actuarial Value and Cost-Sharing

Each plan's actuarial value and cost-sharing factor includes a benefit relativity adjustment and the expected impact of the plan's cost sharing amounts on the member's utilization of services. Oscar's internal benefit pricing model, which uses a single claim distribution for all plans, was used to estimate how members purchase services differently based on the level of plan-specific cost sharing. By utilizing a static claim distribution, the pricing model's adjustments assume the same demographic and risk characteristics for each plan priced and therefore exclude expected differences in the health status of members assumed to select each plan.

Plan's Provider Network and Delivery System Characteristics

There are no anticipated plan-specific differences in the provider network or utilization management practices in Oscar's projected product suite.

Plan Benefits in Addition to the EHBs

Oscar's product suite will not cover benefits for any non-EHB services.

Administrative Costs, Excluding Exchange User Fees

The net claims costs are adjusted to account for expected non-benefit expenses. Exhibit D summarizes the components of the administrative expense factor as shown in Worksheet 2, Section III of the URRT.

Expected Impact of the Specific Eligibility Categories for the Catastrophic Plan

A specific eligibility adjustment reflects the difference in expected demographics between the catastrophic plan and the non-catastrophic plans due to the unique eligibility requirements of the catastrophic plan (i.e. that only individuals under the age of 30 or eligible by reason of financial hardship can enroll). This adjustment reflects that costs vary by age and the cost of the population expected to enroll in the catastrophic plan is anticipated to be lower than non-catastrophic plans.

Oscar is proposing no change to the currently approved catastrophic eligibility adjustment.

4.5. Calibration

A composite calibration adjustment is applied uniformly to all plans. Detailed support of the calibration factor is provided in Exhibit E. The market-wide calibration factor is [redacted].

Age Curve Calibration

The average age factor used in the calibration process is [redacted] and was determined by applying the standard age curve established by HHS to the projected member distribution by age, with an adjustment for non-billable members who exceed the maximum of three child dependents under the age of 21 rule.

Under this methodology, the approximate average age, rounded to the nearest whole number, associated with the single risk pool is [redacted].

Geographic Factor Calibration

Not applicable. Since New Jersey is a modified community rated market where geographic rating is not permitted, there is no geographic calibration factor.

Tobacco Factor Calibration

Not applicable. New Jersey is a modified community rated market where tobacco rating is not permitted, there is no tobacco calibration factor.

4.6. Consumer-Adjusted Premium Rate Development

Oscar derives consumer-adjusted premium rates by calibrating the plan-adjusted index rate and applying the rating factors specified by 45 CFR Part 147, §147.102. Exhibit F includes the proposed rate manual and a sample rate calculation.

5. Projected Loss Ratio

Oscar's projected loss ratio based on the federally-prescribed MLR methodology is [redacted]. The numerator of the projected loss ratio contains claim costs and HCQI expenses net of receipts from the risk adjustment program and state-based reinsurance recoveries and the denominator consists of total premiums net of premium taxes and regulatory fees. Note the MLR in this context does not capture all adjustments, including multi-year averaging, credibility, and deductible averaging.

Oscar's projected 2026 loss ratio based on the New Jersey methodology is [redacted] The numerator of the projected MLR contains claim costs net of state-based reinsurance recoveries and PBM service fees, and the denominator consists of total premiums net of payments or receipts from the risk adjustment program and ACA taxes and fees. This projection meets the minimum of 80% as documented in Bulletin 13-14 issued by NJDOBI. Note that the projected New Jersey MLR of 86.0% provided in *OHIN-134523534_ExhibitAActuarialSummaryWorksheet.xls* is gross of PBM service fees, which is consistent with the URRT.

Oscar's three year average loss ratio based on the methodology in New Jersey P.L.2024, c.62 is [redacted] This average uses our projected 2026 MLR as well the preceding two years, 2024 and 2025. The numerators of each year's MLR contains claim costs net of state-based reinsurance recoveries and PBM service fees, and the denominators consist of total premiums net of payments or receipts from the risk adjustment program and ACA taxes and fees. This projection meets the minimum of 80% as documented in Bulletin 13-14 issued by NJDOBI.

The update to the loss ratio formula results in an increase to Oscar's projected MLR from [redacted] to [redacted]. Since the projected MLR under the proposed methodology exceeds the 80% minimum, this change will have no impact on our PY2026 rates. All assumptions and projections are consistent with Oscar's 2026 premium rate filing.

Summaries of the components included in the loss ratio projections under both the federally-prescribed methodology and the New Jersey methodology are provided in Exhibit G.

6. Plan Product Information

6.1. AV Metal Values

The AV metal values included in Worksheet 2, Section I of the URRT were based on the HHS actuarial value calculator. Some AVs were modified due to the unique plan design features that were not compatible with the HHS actuarial value calculator.

6.2. Membership Projections

Oscar projected membership as displayed in Worksheet 2, Section IV of the URRT by considering the size of the projected New Jersey individual market in 2026 and an assumed penetration rate of this market. For silver level plans in the individual market, an estimate was made for the portion of projected enrollment that will be eligible for CSR subsidies at each subsidy level.

Exhibit H summarizes the membership projection by metal level, including the alternative variant silver plans which CSR eligibles can purchase, and exchange status.

6.3. Plan Type

The plan types listed in Worksheet 2, Section I of the URRT appropriately describe Oscar's plans.

7. Miscellaneous Information

7.1. Effective Rate Review Information

CSR Subsidies

Oscar assumed that CSR subsidies will not be funded by the federal government for the 2025 plan year. If CSR funds are not appropriated and CSR plans continue to be offered, Oscar will then be solely responsible for covering cost sharing for these members. The proposed rates contained herein assume that CSR subsidies remain unfunded by the federal government and that the resulting shortfall will be applied exclusively to Oscar's on-exchange silver plans.

Cost Sharing Reduction (CSR) Funding

On May 2nd 2025 CMS issued an Insurance Standards Bulletin Series requesting that Issuers in all states include an additional section in the Actuarial Memorandum outlining the potential impact of CSR funding. In particular, we have been asked to report on the following:

1. The actual CSRs the issuer paid for enrollees for PY 2024

To estimate CSRs paid in 2024, we performed an analytical readjudication of claims for all members in a CSR plan on the corresponding base Silver plan using our internal pricing Actuarial Value model. Please note that this was not a true readjudication as our internal model faces issues including, but not limited to, mismatches in claim adjudication order caused by claim adjustments, carry-over of member accumulators resulting from plan changes, and missing claim benefit codes for externally priced and adjudicated claims. Oscar simulated actual claim adjudication and performed validation on the model to ensure discrepancies are within the margin of error acceptable for the purpose of this exercise.

Overall, Oscar paid an aggregate of [redacted] M in 2024 claims reflecting the true enhanced richness of all CSR variants. When adjudicating these claims on the Base Silver plan, Oscar would have paid [redacted] M, resulting in approximately [redacted] or [redacted] PMPM worth of actual CSRs for PY2024.

2. The load amount and how it was determined

The CSR unfunding load is developed for each on-exchange silver plan based on the expected difference in cost sharing between the base silver plan and its corresponding CSR variants. Oscar's internal benefit pricing model, which uses a single claim distribution for all plans, was used to estimate how members purchase services differently based on the level of plan-specific cost sharing. The benefit relativity for each CSR variant is then weighted by the projected 2025 silver plan membership by CSR variant to develop the final CSR unfunding load. An example of the development of the silver CSR load factor is provided for the Silver Classic plan in Table 4 below.

Table 4
Development of CSR Load Factor the Silver Classic Plan

Variant	Membership Distribution	Paid-to-Allowed Ratio	Definition
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	[redacted]

3. How the additional revenue collected from the applied CSR load compares to the expected amount of CSRs that will be provided to enrollees in PY 2026

As shown above, the estimated CSR load is calculated to cover the total additional cost of CSR benefits. However, a variety of pricing risks and limitations may result in a load amount deviating from the expected cost of additional benefits:

CSR mix risk

If there is a discrepancy between the projected and actual member distribution across different CSR plan variants, the resulting CSR amounts will also vary. For example, if more CSR150 members enroll than expected, the average richness of plans sold will be higher than priced and the load will be insufficient. The impact can be favorable or unfavorable.

Actual paid to allowed risk (underwriting risk)

The realized paid-to-allowed ratio depends on actual member utilization and benefit mix. To the degree this deviates from the assumed utilization and benefit mix patterns, the loaded premiums can become insufficient or excessive.

Single risk pool requirements (all metal mix / regulatory risk)

When calculating the CSR premium load in an unfunded CSR environment, the adjustment is calculated as a Plan Adjustment Factor and included in the AV and Cost Sharing Design of Plan. In accordance with single risk pool requirements, these adjustments do not reflect morbidity differences amongst the CSR plan variants. However, in practice, actual CSR benefits paid will differ based on the actual morbidity levels of members enrolled in the plan. Additionally, the timing and extent to which runout is included in the reconciliation may result in lower payments.

Terminated Products

No proposed plan terminations for 2026.

Reconciliation of the URRT and Supplemental Health Care Exhibit

Exhibit I includes reconciliation of both incurred claims and earned premiums between the estimates included in the Worksheet 1, Section I of the URRT and Supplemental Health Care Exhibit for the 2024 reporting year.

The primary sources of deviation in the reconciled estimates are due to the Supplemental Health Care Exhibit being reported on a cash basis, as well as restatement activity in the claim reserve estimates, risk adjustment accruals, and premiums associated with grace period membership retroactivity and termination.

Broker Commissions

Oscar's projected commission spend for 2026 is [redacted] PMPM. The commission payment schedule is provided in the table below. This is consistent with the commission schedule for 2025.

Situation	Commission Payment
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

Child(ren)-Only Rating Methodology

The rate calculation methodology for child(ren)-only policies does not differ from policies where there is an adult subscriber because the rate is based on the age of a subscriber eligible for the rate. The monthly premium charged is equal to the base rate for the selected plan, multiplied by the rating factor associated with the child's age. A sample calculation is provided in the table below, which demonstrates that the underlying rates match the base rates in the rate chart and rate manual.

Sample Child-Only Rate Calculation

[redacted]

	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

[redacted]

Freedom of Reproductive Choice

Oscar has always provided coverage for all abortions and therefore will experience no rate impact if coverage was required.

Impact of Out-of-Network Law

Oscar projects immaterial impact to claims costs as a result of New Jersey's Out-of-network Consumer Protection, Transparency, Cost Containment, and Accountability Act, (P.L.2018, c.32).

PBM Compensation Determination

The portion of projected prescription drug costs retained by Oscar's Pharmacy Benefit Manager, CVS, in exchange for PBM services was determined using Oscar's 2024 experience. Data was provided to Oscar by CVS for this purpose.

7.2. Reliance

In developing this rate filing, several internal departments were relied upon for information and assumption setting. This information includes, but is not limited to: Actuarial providing rating factors, and claim trend projections; Insurance Financial Management providing membership projections, non-benefit expenses, and taxes and fees; supplemental market data and analytics modeling to estimate the impact of the Expiration of the Enhanced Subsidy Tax Credits from third party consultants; and the Insurance Business providing product changes and contractual terms for healthcare providers and vendors. I have performed a limited review of this information and have deemed it to be reasonable.

7.3. Actuarial Certification

I, [redacted] am a Manager, Actuarial for Oscar. I am a member of the American Academy of Actuaries and I meet the qualification standards of the Academy to render the actuarial opinion contained herein.

I hereby certify that the projected index rate is to the best of my knowledge and understanding:

- In compliance with all applicable state and federal statutes and regulations (45 CFR Part 156, §156.80(d)(2), 45 CFR Part 147, §147.102),

- Developed in compliance with the applicable Actuarial Standards of Practice, including but not limited to:
  - ASOP No. 5, Incurred Health and Disability Claims,
  - ASOP No. 8, Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits,
  - ASOP No. 12, Risk Classification,
  - ASOP No. 23, Data Quality,
  - ASOP No. 25, Credibility Procedures,
  - ASOP No. 26, Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans,
  - ASOP No. 41, Actuarial Communications, and
  - ASOP No. 42, *Determining Health and Disability Liabilities Other than Liabilities for Incurred Claims,*
  - ASOP No. 50, Determining Minimum Value and Actuarial Value Under the ACA.
- Reasonable in relation to the benefits provided and the population anticipated to be covered,
- This memorandum contains confidential and proprietary information, and
- Neither excessive nor deficient.

I further certify that:

- This filing is complete and in compliance with all provisions of N.J.A.C. 11:20-6.3(a), and N.J.A.C. 11:21-9.3(a),
- The filing states the issue period, not exceeding 12 months, for which the rates are applicable,
- The expected loss ratio is at least 80% over the rating period,
- The premiums are not based on any rating factors other than age,
- The rating methodology will not provide rates (for an individual and for each family status) for the highest rated group in this State which are greater than 300 percent of the rates (for an individual and for each family status) produced for the lowest rated group in this State for each plan and option, across all ages and geographical areas with the exception of children,
- The filed rates do not provide for recoupment of the HMO assessment,
- Policyholders may not receive dividends other than dividends required by NJSA 17B:27A-25g(2). If such dividends are payable, the carrier shall also submit the following:
  - The detailed assumptions and practices for determining and distributing such dividends; and

    - A demonstration that such dividends are not in violation of 3iv(4), 3iv(5), or 3iv(6) below, as appropriate

- The index rate and only the allowable modifiers as described in 45 CFR Part 156, §156.80(d)(1) and 45 CFR Part 156, §156.80(d)(2) were used to generate plan level rates,

- The percent of premium that represents essential health benefits included in URRT Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.

- The AV calculator was used to determine the AV metal values shown on Worksheet 2 of the Part I URRT for all plans.

URRT Methodology

The Part I URRT does not demonstrate the process used by Oscar to develop proposed premium rates. It is representative of 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 regulations and used consistently and only adjusted by the allowable modifiers.

Medicaid Redetermination and the Public Health Emergency

Rates were developed in line with the current law, which at the time of this rate filing includes the end of Medicaid continuous coverage, followed by redetermination of Medicaid members, as well as the end of the Public Health Emergency. Future regulatory, legislative, and economic changes may affect the extent to which the rates presented herein are neither excessive nor deficient.

Individual ACA Marketplace Changes

Rates were developed in line with the current law, which at the time of this rate filing assumes the Enhanced Premium Tax Credits included in the Inflation Reduction Act (IRA) are set to expire 12/31/2025. Given the uncertainty inherent in the Marketplace, rates were also developed assuming the 2025 Marketplace Integrity and Affordability Proposed Rule is finalized as is. Future regulatory, legislative, and economic changes may affect the extent to which the rates presented herein are neither excessive nor deficient. This includes, but is not limited to, changes to the 2025 Marketplace Integrity and Affordability Proposed Rule, any changes to the Premium Tax Credit subsidy structure, changes to Medicaid eligibility, and the potential funding of Cost Sharing Reductions.

[redacted]

Exhibit A

Summary of Proposed Rate Increases

Exhibit A
Summary of Proposed Rate Increases

Benefit Plan	HIOS ID	Members	Plan-Adjusted Index Rate[1]		Rate Change
			2025	2026	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	[redacted]	[redacted]	[redacted]

[1]Represents the demographic mix of current membership by age, tobacco and area distributions for renewing plans.

Exhibit B
Risk Adjustment Transfer Projections

Description	Risk Pool		Definition
	Individual	Catastrophic	
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]
[redacted]	[redacted]		[redacted]

[1]Annualized over two plan years.

Exhibit C

Plan-Adjusted Index Rates (1 of 2)

Benefit Plan	HIOS ID	Market-Adjusted Index Rate	AV & Cost Sharing	Provider Network	EHB Adjustment	Admin Costs	Catastrophic Eligibility	Plan-Adjusted Index Rate[1]
		A	B	C	D	E	F	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[1]Plan-Adjusted Index Rate = A x B x C x D x E x F

Exhibit C

Plan-Adjusted Index Rates (2 of 2)

Benefit Plan	HIOS ID	Paid-to-Allowed Ratio	CSR Unfunding Load	Induced Demand Factor	AV & Cost Sharing[1]
		A	B	C	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[1]AV & Cost Sharing = A x B x C

Exhibit D

Administrative Cost Factor Components

Description	Allocation Category	
	PMPM	% of Premium
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[1]The targeted risk margin is net federal income taxes.

[2]The exchange user fee is excluded from the total retention estimate.

Exhibit E

Calibration Development

Age	Member Distribution[1]	Age Factor[2]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[1]Distribution of projected billed members.

[2]Non-billed members were assigned a factor of 0.

Exhibit F

Rate Manual (1 of 2)

Sample Rate Calculation

[redacted]

	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[redacted]

Exhibit G
Projected Medical Loss Ratio

Projected Medical Loss Ratio (Federally-Prescribed)

Description	Value	Definition
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

Projected Medical Loss Ratio (New Jersey Proposal)

Description	2024	2025	2026	Proposed MLR	Definition
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Exhibit H

Distribution of Membership Across Metal

Metal	Exchange Status	Membership	
		Distribution	Member Months
[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	[redacted]

Exhibit I

Reconciliation of the URRT and Supplemental Health Care Exhibit

Earned Premium Reconciliation

Line	Item	Definition	$
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Incurred Claims Reconciliation

Line	Item	Definition	$
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]