

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 Health Plan of Virginia’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 support for the values entered into the URRT, which demonstrates compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Virginia Bureau of Insurance (VA BOI), the Center for Consumer Information and Insurance Oversight (CCIO), 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 Insurance Company
State:	Virginia
HIOS Issuer ID:	25922
Market:	Individual
Effective Date:	January 1, 2026
Policy Forms:	OSC-VA-IVL-EOC-2026-HIX

Company Contact Information

Primary Contact Name:	Alicia Bartick-Ozmucur
Primary Contact Telephone Number:	858-943-9900
Primary Contact Email Address:	abartick@hioscar.com
Secondary Contact Name:	Noe Leon
Secondary Contact Telephone Number:	956-517-9703
Secondary Contact Email Address:	nleon@hioscar.com

3. Proposed Rate Increases

Reason for Rate Increase(s)

Exhibit A summarizes the proposed rate increases by plan effective January 1, 2026. Rate changes vary by plan due to a combination of factors including shifts in benefit leveraging, cost-sharing modifications, and geographic rating factors. Using in-force business as of March 2025, the proposed average rate change for renewing plans is 3.0%. This rate change is absent of rate changes due to attained age.

The significant factors driving the proposed rate change include the following:

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.

Administrative Expenses, Taxes and Fees, and Risk Margin

Changes to the overall premium level are needed because of required changes in federal and state taxes and fees. In addition, there are anticipated changes in both administrative expenses and targeted risk margin.

Prospective Benefit Changes

Plan benefits have been revised as a result of changes in the Center for Medicare and Medicaid Services (CMS) Actuarial Value Calculator and state requirements, as well as for strategic product considerations.

Anticipated Changes in the Average Morbidity of the Covered Population

Changes to the overall premium level are needed because of anticipated changes in the underlying morbidity of the projected marketplace.

Impact of Medicaid Redetermination

Changes to the overall premium level are needed due to a proportion of Medicaid Redeterminations enrolling in the ACA Marketplace as a result of the ending of the Public Health Emergency.

State-Based Reinsurance Program

The projected premium rates reflect the anticipated impact of the state-based reinsurance program proposed in the Virginia 1332 waiver application that was approved by HHS on May 18, 2022.

[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's Virginia individual claim experience for the 2024 plan year was determined to be insufficiently credible for pricing purposes and a fully manual approach was utilized to determine 2026 premiums. Oscar utilized Florida individual claim experience from Oscar's legal entity (Oscar Insurance Company; NAIC code 16374) as the manual rate basis in the projection. The base experience used for the manual projection reflects claims from January 1, 2024 through December 31, 2024, with runout through March 31, 2025, and 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.

State-Based Reinsurance Program

The starting claim experience was adjusted to reflect changes in the anticipated market morbidity from the base period to the projection period due to the anticipated impact of the state-based reinsurance program proposed in the VA 1332 waiver application that was approved by CMS on May 18, 2022.

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 14.8% administrative charge, which is inclusive of general administrative expenses, commission, 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

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

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.

4.2. Benefit Categories

The benefit categories described below are based on the algorithm used by Milliman's *Health Cost Guidelines*TM (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.

Capitation

Includes the amount for any services that are provided on a capitated basis.

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

Not applicable. Oscar solely relied on a manual rate methodology for claim projection purposes.



Adjustments to Trended EHB Allowed Claims PMPM

Not applicable.

Manual Rate Adjustments

Since Oscar's base experience in Virginia is not credible, a manual rate methodology was developed for rating purposes as described in this section. The adjustments described below were used to develop the Manual EHB Allowed Claims PMPM entry on Worksheet 1, Section II of the URRT.

Source and Appropriateness of Experience Data Used

Oscar started with individual claim experience from January 1, 2024 through December 31, 2024, with runout through March 31, 2025, as the manual rate basis in the projection. The starting claim experience is from Oscar's legal entity (Oscar Insurance Company; NAIC code 16374) offering in the Florida individual market.

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 manual includes 9,581,749 member months and is considered fully credible for purposes of developing claim projections.

Adjustments Made to the Data

Exhibit B summarizes the adjustment factors, as described in this section, used to project the manual rate claims on an allowed basis to the projection period.

- Incurred But Not Reported

The starting claim experience represents Oscar's best estimate of claims incurred during the manual 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.

- 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.

Table 1 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 7.2%.

Table 1 Annual Trend Assumptions			
Benefit Category	Trend		
	Utilization	Unit Cost	Total
Inpatient	0.5%	6.4%	6.9%
Outpatient	0.5%	6.0%	6.5%
Physician	0.6%	1.1%	1.7%
Other	0.6%	1.1%	1.7%
Capitation	0.0%	0.0%	0.0%
Prescription Drug	5.5%	5.4%	11.2%
Grand Total	1.8%	5.4%	7.2%

A factor of 1.150 is included in the "Manual EHB Allowed Claims PMPM" 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 manual period and projection period. Plan behavior change factors were applied at the plan level using factors developed from Oscar's nationwide 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 second adjustment was included to account for anticipated changes in underlying benefit coverage between the manual period and the projection period capturing inherent differences in EHBs, state mandated benefits, and eliminated benefits. Effective January 1, 2026, Virginia benchmark plan requirements include coverage for prosthetic devices and enteral nutrition. Both benefits were covered in Oscar's plan designs for Florida and Virginia in 2023 and therefore no adjustment was required to account for the new requirements.

A combined factor of 1.010 is included in the "Manual EHB Allowed Claims PMPM" 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 age and gender — between the manual base period and the projection period.

A factor of 0.946 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Changes in the Morbidity of the Covered Population

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 Virginia'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, an adjustment was made to account for the anticipated changes in market morbidity between the Florida and Virginia individual markets. To estimate the market morbidity impact, Oscar relied upon the completed regression results in The Wakely National Risk Adjustment Reporting Project (WNRAR) provided to Oscar to estimate the market wide plan liability risk score, allowable rating factor, actuarial value, and induced demand factor for the Florida and Virginia individual markets.

These adjustments reflect the projected change in claim costs outside of the underlying demographics of the covered population and were also utilized when estimating the risk adjustment transfer for the projection period.

A combined factor of 1.021 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Change in Network

Oscar applied an adjustment to account for anticipated changes in provider reimbursement levels between the manual period and projection period. The reimbursement changes are in response to modifications to Oscar's underlying contracts with its providers.

A factor of 1.029 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Prescription Drug Rebates

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

A factor of 0.983 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Other Adjustments – Pooling Charge

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

A factor of 0.985 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

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 4,120 member months and is considered 22.0% credible and is therefore insufficient for purposes of developing premium projections.

Establishing the Index Rate

Experience Period

As shown in Worksheet 1, Section II of the URRT, the experience period index rate is \$1,192.94. 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 \$500.50.

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 impact of the risk adjustment program, and the projected exchange user fees. Table 2 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 2 Market-Adjusted Index Rate	
Description	Value
Projection Period Index Rate	\$500.50
Net Impact of Risk Adjustment Program	\$70.12
Net Impact of State Reinsurance Program	(\$66.99)
Exchange User Fees	\$15.580
Market-Adjusted Index Rate	\$519.22

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

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 Virginia 1332 waiver application that was approved by CMS on May 18, 2022. The reinsurance recoveries were developed on a percent of net claims approach using the proposed parameters for the 2025 plan year — \$45,000 attachment point, coinsurance of 65%, up to a reinsurance cap of \$170,000.

Oscar started with a subset of its nationwide 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 2025 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 Virginia market.

The expected impact of the state reinsurance program was estimated to be a recovery of approximately 13.4% 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.



The projected reinsurance recovery amount, expressed on an allowed basis, is estimated as a recovery of \$66.99 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 *The Wakley National Risk Adjustment Reporting Project* supplied to Oscar by Wakely to estimate the market wide plan liability risk score, allowable rating factor, actuarial value, and induced demand factor for the individual market. The statewide average premium estimates relied on results from the *Interim Summary Report on Risk Adjustment for the 2024 Benefit Year* published by CMS on March 14, 2025. Oscar's geographic cost factor was also adjusted based on the anticipated geographic mix for the 2026 plan year.

For the risk adjustment transfer, Oscar crosswalked the market metrics — plan liability risk score, statewide average premium, and geographic cost factors — from the manual period (i.e. Florida market) to the projection period (i.e. Virginia market) while maintaining similar relative risk profiles by metal level.

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 nationwide experience in the individual market, measured anticipated risk adjustment coding error rates inherent in the 2022 and 2023 plan year, and forecasted those error rates to the projection period. The RADV impact is estimated as a payment of \$2.69 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 payment of approximately \$70.12 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 C.

Exchange User Fees

Oscar assumed that 98.0% of gross premiums will enroll through the exchange which translates to an estimated exchange user fee assessment of \$11.98 PMPM. Development of this estimate is provided in Table 3.

Table 3		
Exchange User Fee PMPM Development		
% of Membership On-Exchange	98.0%	A
Exchange Fee, % of Premium	2.5%	B
Indicated Premium PMPM	\$489.02	C
Exchange Fee PMPM	\$11.98	D = A * B * C



The projected exchange user fee, expressed on an allowed basis, is estimated as a payment of approximately \$15.58 and is reflected in Worksheet 1, Section II of the URRT. Thus, the impact of the exchange user fee, when expressed on a market-adjusted index rates basis, was based on an overall assessment of 3.0%, weighted on the projected premium associated with the distribution of membership expected to enroll on the exchange.

4.4. Plan-Adjusted Index Rate

Projected Plan-Adjusted Index Rates

Exhibit D 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.

Administrative Costs, Excluding Exchange User Fees

The net claims costs are adjusted to account for expected non-benefit expenses. The resulting administrative cost factors inherent in the plan-adjusted index rate development are not static due to the application of fixed cost allocation on a PMPM basis as opposed to a percent of premium basis. As documented in the market rating rules, 45 CFR 156.80(d)(2), administrative costs are permitted plan-level adjustments to the index rate. Administrative costs in this context include administrative expenses, taxes and fees (excluding exchange user fees), and profit/risk loads.

Oscar modeled the plan-adjusted index rate development to allocate the fixed cost portion of total administrative expense on a PMPM basis to more appropriately align with the economics of the business..

Exhibit E summarizes the components of the administrative cost 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 F. The market-wide calibration factor is 1.467.



Age Curve Calibration

The average age factor used in the calibration process is 1.465 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 45.

Geographic Factor Calibration

The average geographic rating factor is 1.001. In order to determine the geographic calibration factor the projected distribution of members by area was determined. The weighted average of the area factors was then calculated using this distribution.

Oscar is expanding its service area to Prince William County (Rating Area 10) effective for the 2026 plan year.

Exhibit G provides a summary of the proposed geographic rating factors applied to the plan-adjusted index rates.

Tobacco Factor Calibration

The average tobacco rating factor used in the calibration process is 1.001

The tobacco factors by age were developed using a Milliman research report titled *Impact of Height, Weight, and Smoking on Medical Claim Costs*, which tabulates the medical claim costs by age for smokers and non-smokers using a government data source, the Medical Expenditure Panel Survey (MEPS). Smoker prevalence rates, which were utilized above to develop the tobacco calibration factor, were based on Oscar's empirical data, and are not anticipated to be substantially different in the projection period.

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 H 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 85.5%. The numerator of the projected loss ratio contains claim costs and HCQI expenses net of receipts from the risk adjustment program 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 MLR based on the Virginia methodology is 79.2%. The numerator of the projected loss ratio contains claim costs net of receipts from the risk adjustment and state reinsurance programs and the denominator consists of total premiums. This projection meets the minimum threshold of 75.0% as documented under section 14 VAC 5-130-65 of Virginia Insurance Law.

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



6. Plan Product Information

6.1. AV Metal Values

The AV metal values included in Worksheet 2, Section I of the URRT were based solely on 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 Virginia individual market in 2026 as well as our historical enrollment patterns of the Virginia individual market, to estimate our assumed market penetration rate and member months projection. 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 J 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 2026 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.

Terminated Products

Oscar is not terminating any plans that were effective in the 2025 plan year.

Marketing Method

Oscar will market individual policies through Virginia's state-based marketplace, direct sales channels and broker arrangements.

Renewability

The products offered within this filing are all guaranteed issue (i.e., no medical underwriting) and guaranteed renewable as required under the ACA. This rate filing applies to non-grandfathered plans only that are open to new sales. Premiums will be charged on a monthly basis and are guaranteed for the duration of the 2024 plan year.

Issue Age Limit

No age limits apply to the plans represented in this filing. Dependent children are eligible for coverage up to and including age 25.

Risk Adjustment Transfer Discrepancy



Oscar noted a minor discrepancy between the risk adjustment transfer projections inherently summarized in the Part I URRT and Virginia ACA Rate Review Template. The discrepancy is a result of the Virginia ACA Rate Review Template excluding placeholder assumptions for both the estimated impact of the high-cost risk pooling mechanism and the estimated impact of anticipated RADV audit payments. Descriptions of both of these items are included in the risk adjustment transfer projection explanation included in Section 4.3.

Hearing Aid Coverage for Minors

As required by Va. Code Ann. § 38.2-3418.21, coverage for hearing aids and related services for children 18 years of age or younger is provided under all of Oscar's plans. Coverage includes one hearing aid per hearing-impaired ear every 24 months, up to \$1,500 per hearing aid, at no member cost share. The cost of this coverage is to be defrayed by the Virginia State Corporation Commission, and therefore was not included in Oscar's rate development. Oscar does not anticipate any spend for this coverage for 2026.

Enhanced Subsidy Continuation Alternative Rates

In the event that the American Rescue Plan Act enhanced subsidies are extended throughout the 2026 plan year, Oscar anticipates an aggregate reduction to morbidity trend of 3.0%, which results in a final rate change of 0.0% instead of 3.0%. This estimate is preliminary and is subject to change should there be any other regulatory developments impacting the Individual Exchanges, including but not limited to, changes to the 2025 Marketplace Integrity and Affordability Proposed Rule, changes to the enhanced subsidy structure, and the potential funding of Cost Sharing Reductions.

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, Alicia Bartick-Ozmucur, am an Actuary 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) and 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. 50, *Determining Minimum Value and Actuarial Value Under the ACA*.
- Reasonable in relation to the benefits provided and the population anticipated to be covered, and
- Neither excessive nor deficient.

I further certify that:

- 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 geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area, and
- 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 and Virginia ACA Rate Review Template do not demonstrate the process used by Oscar to develop proposed premium rates. It is representative of information required by federal and state 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.

Plan Behavior Factors

Mandated Plan behavior factors were applied in accordance with VA BOI's rate filing guidance. Actual plan behavior factors may differ from the methods prescribed, which 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.



Alicia Bartick-Ozmucur
Associate, Society of Actuaries
Member, American Academy of Actuaries



Exhibit A

Summary of Proposed Rate Increases

Benefit Plan	HIOS ID	Members	Plan-Adjusted Index Rate ¹		Rate Change
			2024	2025	
Bronze Classic Standard	25922VA0010050	122	\$443.51	\$453.40	2.2%
Secure	25922VA0010011	2	\$251.60	\$252.91	0.5%
Gold Classic Standard	25922VA0010053	84	\$505.09	\$519.44	2.8%
Silver Classic Standard	25922VA0010052	47	\$474.23	\$498.95	5.2%
Total		255	\$467.95	\$481.98	3.0%

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



Exhibit B

Manual Rate Development

Manual Rate Development	
Base Period Allowed Claim PMPM	\$439.95
Trend Factors -- Cost and Utilization	1.150
Plan Design Change	1.010
Demographic Shift	0.946
Morbidity Adjustment	1.021
Change in Network	1.029
Pharmacy Drug Rebates	0.983
Pooling Charge	1.001
COVID-19 Impact & Normalization	1.000
Manual Allowed Claim PMPM	\$500.50



Exhibit C

Risk Adjustment Transfer Projection for the 2023 Plan Year

Description	Risk Pool		Definition
	Individual	Catastrophic	
Risk Factor — Oscar	0.918	0.701	A
Risk Factor — Market	1.226	0.477	B
Rating Factor — Oscar	1.016	0.608	C
Rating Factor — Market	1.184	0.570	D
State Average Premium PMPM — 2024 Plan Year	\$476.06	\$175.51	E
State Average Premium Increase ¹	5.6%	5.6%	F
State Average Premium PMPM — 2026 Plan Year	\$530.45	\$195.56	$G = E \times (1 + F)^2$
Administrative Cost Adjustment	0.86	0.86	H
Transfer PMPM	-\$49.96	\$67.90	$I = [(A / B) - (C / D)] \times G \times H$
Billable Member Months	2,985	24	J
Forecasted Reinsurance Assessment PMPM	\$3.30	\$3.30	K
Forecasted Reinsurance Recovery PMPM	\$1.51	\$1.51	L
Risk Adjustment Data Validation (RADV) Estimate	-\$2.69	-\$2.69	M
Transfer Total	-\$147,487		$N = I \times J$
Member Months	2,983		O
Transfer PMPM	-\$53.93		$P = N / O - K + L + M$

¹Annualized over two plan years.



Exhibit D

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	
Bronze Simple	25922VA0010055	\$519.22	0.625	1.000	1.000	1.254	1.000	\$406.67
Bronze Classic Standard	25922VA0010050	\$519.22	0.671	1.000	1.000	1.243	1.000	\$433.32
Secure	25922VA0010011	\$519.22	0.615	1.000	1.000	1.277	0.883	\$360.28
Gold Classic Standard	25922VA0010053	\$519.22	0.856	1.000	1.000	1.212	1.000	\$538.61
Silver Classic Standard	25922VA0010052	\$519.22	0.874	1.000	1.000	1.210	1.000	\$548.64

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



Exhibit D

Plan-Adjusted Index Rates (2 of 2)

Benefit Plan	HIOS ID	Paid-to-Allowed Ratio	CSR Load	Induced Demand Factor	AV & Cost Sharing ¹
		A	B	C	
Bronze Simple	25922VA0010055	0.645	1.000	0.969	0.625
Bronze Classic Standard	25922VA0010050	0.693	1.000	0.969	0.671
Secure	25922VA0010011	0.635	1.000	0.969	0.615
Gold Classic Standard	25922VA0010053	0.818	1.000	1.046	0.856
Silver Classic Standard	25922VA0010052	0.725	1.207	0.998	0.874

¹AV & Cost Sharing = A x B x C



Exhibit E

Administrative Cost Factor Components

Description	Allocation Category	
	PMPM	% of Premium
General Administration	\$34.90	7.1%
Broker Commissions	\$9.99	2.0%
HCQI	\$5.77	1.2%
Subtotal — Administrative Expense Load	\$50.66	10.4%
Premium Tax	\$11.00	2.3%
Risk Adjustment User Fee	\$0.18	0.0%
PCORI	\$0.30	0.1%
Exchange Fee	\$11.98	2.5%
Federal Income Tax	\$5.77	1.2%
Subtotal — Taxes and Fees	\$29.24	6.0%
Risk Margin ¹	\$21.70	4.4%
Subtotal — Risk Margin	\$21.70	4.4%
Total Retention ²	\$89.61	18.3%

¹The targeted risk margin is net federal income taxes.

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



Exhibit F

Calibration Development

Age	Member Distribution ¹	Age Factor ²	Rating Area	Member Distribution	Area Factor
0-14	8.9%	0.765	7	78.4%	0.994
15	0.4%	0.833	10	21.6%	1.025
16	0.0%	0.859	Total	100.0%	1.001
17	1.5%	0.885			
18	1.1%	0.913			
19	1.8%	0.941			
20	0.3%	0.970			
21	0.5%	1.000			
22	1.1%	1.000			
23	0.8%	1.000			
24	0.6%	1.000			
25	1.5%	1.004			
26	3.4%	1.024			
27	3.1%	1.048			
28	2.3%	1.087			
29	3.0%	1.119			
30	1.5%	1.135			
31	1.6%	1.159			
32	2.9%	1.183			
33	2.3%	1.198			
34	1.4%	1.214			
35	2.9%	1.222			
36	4.6%	1.230			
37	3.4%	1.238			
38	1.7%	1.246			
39	4.7%	1.262			
40	2.8%	1.278			
41	1.6%	1.302			
42	2.8%	1.325			
43	3.1%	1.357			
44	2.3%	1.397			
45	1.8%	1.444			
46	1.6%	1.500			
47	1.3%	1.563			
48	2.0%	1.635			
49	0.6%	1.706			
50	1.3%	1.786			
51	0.4%	1.865			
52	0.4%	1.952			
53	1.2%	2.040			
54	1.8%	2.135			
55	2.1%	2.230			
56	1.4%	2.333			
57	0.7%	2.437			
58	2.2%	2.548			
59	0.9%	2.603			
60	1.1%	2.714			
61	3.5%	2.810			
62	1.6%	2.873			
63	1.3%	2.952			
64+	2.7%	3.000			
Total	99.6%	1.465			

Calibration Factor

1.467

¹Distribution of projected billed members.

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



Exhibit G

Geographic Rating Factors

Rating Area	Description	Member Distribution ¹	Area Factor		% Change
			Current ²	Proposed	
7	Richmond	81.6%	0.991	0.994	0.3%
10	Washington	18.4%	1.038	1.025	-1.3%
Total		100.0%	1.000	1.000	0.0%

¹Membership distribution as of March 2025.

²The current factors were normalized with the current distribution for comparison purposes.



Exhibit H

Rate Manual

Sample Rate Calculation

Sample Member Demographics

Bronze Classic Standard, 40 Year-Old, Rating Area 7, Smoker

	<u>Source</u>	<u>Factor</u>
Plan-Adjusted Index Rate:	Exhibit D	\$548.64
Age Factor:	Exhibit F	1.278
Tobacco Factor:	Exhibit F	1.090
Area Factor:	Exhibit F	0.994
Calibration Factor:	Exhibit F	1.467

Calculation of Projected Premium

=Plan-Adjusted Index Rate x Age Factor x Tobacco Factor x Area Factor / Calibration Factor

=\$517.85



Exhibit I

Projected Medical Loss Ratio

Projected Medical Loss Ratio (Federally-Prescribed)

Description	Value	Definition
Net Claims	\$384.89	A
HCQI	\$5.77	B
Risk Adjustment	(\$53.93)	C
State Reinsurance	\$51.51	n/a
MLR Numerator	\$393.08	$D = A + B - C$
Premium	\$489.02	E
Taxes	\$29.36	F
MLR Denominator	\$459.66	$G = E - F$
Projected MLR	85.5%	$H = D / G$

Projected Medical Loss Ratio (Virginia)

Description	Value	Definition
Net Claims	\$384.89	A
State Reinsurance	\$51.51	n/a
Risk Adjustment	(\$53.93)	n/a
MLR Numerator	\$387.31	$B = A$
Premium	\$489.02	C
MLR Denominator	\$489.02	$D = C$
Projected MLR	79.2%	$E = B / D$



Exhibit J

Distribution of Membership Across Metal

Metal	Exchange Status	Membership	
		Distribution	Member Months
Catastrophic	On	0.8%	57
	Off	0.0%	0
Bronze	On	46.9%	3,301
	Off	0.4%	28
Silver Base Plan	On	2.4%	170
	Off	0.4%	28
Silver 94% CSR Variant	On	9.3%	654
	Off	0.0%	0
Silver 87% CSR Variant	On	6.5%	455
	Off	0.0%	0
Silver 73% CSR Variant	On	0.4%	28
	Off	0.0%	0
Gold	On	31.7%	2,235
	Off	1.2%	83
Total		100.0%	7,039

