



ACTUARIAL MEMORANDUM

# Sanford Health Plan

South Dakota Individual Rate Filing

Effective January 1, 2026

May 28, 2025



Sanford Health Plan  
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## I. GENERAL INFORMATION

This document contains the Part III Actuarial Memorandum for Sanford Health Plan's (Sanford's) Affordable Care Act (ACA) individual market exchange block of business, effective January 1, 2026. We submit this Actuarial Memorandum in conjunction with the Part I Unified Rate Review Template (URRT) and Part II Rate Increase Justification.

The purpose of the Actuarial Memorandum is to provide certain information related to the submission of the premium rate filing, including support for the values entered in the Part I URRT (which supports compliance with the market rating rules and reasonableness of applicable rate increases). This memorandum may not be appropriate for other purposes.

We develop the 2026 plan year premium rates based upon ACA statutes and regulations in full force and in effect as of the date of this Actuarial Memorandum submission. These premium rates are contingent upon the other ACA statutes and regulations not changing, whether taking place through state or federal legislative or regulatory amendments, court decisions, or actions by Congress, the Health and Human Services Secretary, or the Centers for Medicaid and Medicare Services Director. Given potential impact to 2026 plan year premium rates, Sanford retains and reserves the right to amend this Actuarial Memorandum and plan premium rates should there be any changes to the current ACA statutes and regulations.

### COMPANY IDENTIFYING INFORMATION

Company Legal Name:	Sanford Health Plan
State:	South Dakota
HIOS Issuer ID:	31195
Market:	Individual
Effective Date:	January 1, 2026

### COMPANY CONTACT INFORMATION

Primary Contact Name:	[REDACTED]
Primary Contact Telephone Number:	[REDACTED]
Primary Contact Email Address:	[REDACTED]

## II. PROPOSED RATE CHANGES

### PROPOSED PERCENTAGE RATE CHANGE

The average proposed rate change across Sanford's products is [REDACTED] ([REDACTED] for HMO plans and [REDACTED] for PPO plans) as shown in Worksheet 2, Section I of the URRT.

The corresponding rate increases if the Enhanced Advanced Premium Tax Subsidies (ePTCs) are renewed is [REDACTED] overall ([REDACTED] for HMO plans and [REDACTED] for PPO plans).

### REASON FOR THE RATE CHANGE

A rate change is needed to account for medical trend, as well as the following items:

- Development of underlying experience relative to expectations
- Projected distribution of members by demographic category, geographic location, plan, and network
- Benefit design changes
- Projected Federal risk adjustment transfers
- Savings from implementation of Biosimilars for Stelara
- Projected administrative expenses, taxes and fees, and profit

Cost sharing will change by plan for competitive considerations and to comply with the available 2026 Federal Actuarial Value (AV) Calculator. Rate changes vary by plan due to these benefit changes, the impact of the CSR load to cover the rating shortfall for Subsidized members, and pricing model updates and calibration changes.

[REDACTED] Morbidity has not been considered when developing the rate change by plan.

III. MARKET EXPERIENCE

EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

Paid Through Date

Single risk pool experience presented in Worksheet 1, Section I of the URRT represents incurred and paid claims for the period from January 1, 2024, through December 31, 2024, with claims paid through [REDACTED]

Current Date

The reported date for current enrollment and premium in URRT Worksheet 2, Section II is [REDACTED]

Allowed and Incurred Claims Incurred During the Experience Period

The following table summarizes allowed claims and incurred claims (gross of state reinsurance), as illustrated in Worksheet 1, Section I of the URRT.

Table 3.1 Sanford Health Plan Allowed and Incurred Claim Experience Summary		
Component	Allowed Claims	Incurred Claims
Paid	[REDACTED]	[REDACTED]
Incurred but not Paid	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]

*\* Total row in table may not sum from the component rows due to rounding.*

We determine allowed claims by combining actual paid claims with member cost sharing. Both allowed claims and incurred claims are sourced directly from Sanford’s claim records. Sanford processes all medical claims internally. A separate, external vendor processes all pharmacy claims. We add an estimate of incurred but not paid (IBNP) claims, as provided by Sanford to the processed amount to arrive at a final estimate of total claims.

BENEFIT CATEGORIES

We categorized the experience into these following benefit categories using the Wakely Claims Grouper aligning with Worksheet 1, Section II of the Part 1 URRT:

- 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. The measurement units used are inpatient days.
- Outpatient Hospital: Includes non-capitated facility services for observations, emergency room, surgery, radiology, lab, cardiovascular, therapy, outpatient pharmacy, dialysis, mental health and substance abuse, preventive, and other services provided in an outpatient facility setting and billed by the facility. The measurement units used are a mix of cases and procedures.
- Professional: Includes non-capitated primary care, specialist, therapeutic injections, allergy testing and immunotherapy, chiropractic, vision, hearing, speech, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.
- Other Medical: Includes non-capitated home health PDN, DME, prosthetics, ambulance, hearing aids, dental services, and other services. The measurement units for utilization used in this category are a mix of procedures, supplies, and runs.
- Prescription Drugs: Includes prescriptions dispensed by a pharmacy and not billed by a facility or professional.

## PROJECTION FACTORS

We made the following adjustments to project the experience period index rate to the projection period.

### Trend Factors

We trend 2024 experience forward to 2026 assuming an aggregate annual [REDACTED] trend. We develop the trend assumption using general industry knowledge regarding recent trends in medical and prescription drug inflation, Sanford historical experience and projected future changes in cost and utilization, and judgment.

In URRT Worksheet 1, Section II, “Year 1 Trend” and “Year 2 Trend” represent 12-month annual trends, split into separate cost and utilization trend components.

## ADJUSTMENTS TO TRENDED EHB ALLOWED CLAIMS PMPM

### Morbidity Adjustment

[REDACTED]

### Demographic Shift

We adjust projected allowed claims for the following demographic-related differences between the experience and projection periods:

- Distribution of members by demographic category (i.e., age and gender)
- Distribution of members by tobacco usage
- Distribution of members by geographic location

The following table lists and quantifies the components of the “Demographic Shift” projection factor [REDACTED]

[REDACTED]

Table 3.2 Sanford Health Plan Components of the Demographic Shift Projection Factor			
Component	[REDACTED]		[REDACTED]
Demographic Adjustment	[REDACTED]	[REDACTED]	[REDACTED]
Tobacco Adjustment		[REDACTED]	
Geographic Adjustment		[REDACTED]	
<b>Demographic Factor</b>			

*\*Some factors with small impacts may display as 1.000.*

### Plan Design Changes

The covered Plan designs were modeled within the Wakely Pricing Model, based on detailed claim data from WACA, which is a nationally representative sample of approximately 35 million member months, to develop paid-to-allowed pricing estimates (as opposed to the actuarial values from the federal AV calculator). WACA is comprised of individual data for ACA-compliant plans. The model uses actuarially sound pricing methods to value the impact of deductibles, copays, coinsurance and maximum out-of-pocket cost sharing parameters. We calibrated the utilization and unit cost assumptions in the model to the plan’s prospective allowed costs, adjusted for induced demand by metal tier. The purpose of this is to calculate variation of actuarial values for pricing based on plan-specific cost-sharing.

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### Other Adjustments

We further adjust experience allowed claims for the following:

- Changes to provider reimbursements
- Catastrophic eligibility adjustment



The following table lists and quantifies the components of the "Other" projection factor displayed in URRT Worksheet 1, Section II.

Table 3.3 Sanford Health Plan Components of the "Other" Projection Factor		
Component		
Provider Reimbursement Adjustment		
Catastrophic Eligibility Adjustment		
Other Factor		

*\*Some factors with small impacts may display as 1.000.*

### MANUAL RATE ADJUSTMENTS

We rely completely on (i.e., 100%) Sanford's 2024 individual ACA-compliant experience. Therefore, we did not develop a manual rate.

#### Source and Appropriateness of Experience Data

Not applicable.

#### Adjustments Made to the Data

##### Trend Factors

Not applicable.

##### Morbidity Adjustment

Not applicable.

##### Plan Design Changes

Not applicable.

##### Demographic Shift

Not applicable.

##### Other Adjustments

Not applicable.

#### Inclusion of Capitation Payments

Not applicable.

CREDIBILITY OF EXPERIENCE

Description of the Credibility / Methodology Used

We calculate using a Wakely ACA Claims Credibility Study to assess the credibility of our experience. [REDACTED]

Credibility Levels

[REDACTED]

ESTABLISHING THE INDEX RATE

The Projected Index Rate is a measurement of the average allowed claims PMPM for Essential Health Benefits (EHBs). The Projected Index Rate reflects the projected 2026 mixture of smoker / non-smoker population, area factors, and the projected mixture of risk morbidity that Sanford expects to receive in the Single Risk Pool. The Projected Index Rate has not been adjusted for payments and charges projected under the risk adjustment program or for Marketplace user fees. Worksheet 1, Section II of the URRT demonstrates the build-up of the Projected Index Rate.

DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

We calculate the Market Adjusted Index Rate as the Projected Index Rate adjusted for all allowable market-wide modifiers defined under the market rating rules in 45 CFR Part 156, §156.80(d)(1). The following table displays the development of the Market Adjusted Index Rate. We apply all adjustments to the Projected Index Rate on an allowed basis, as required by CMS.

Table 3.4 Sanford Health Plan Market Adjusted Index Rate	
Component	
Projected Index Rate	
Gross Risk Adjustment	
Net Reinsurance	
Exchange Fee (in %)	
Paid to Allowed	
Total Market Impact	
Market Adjusted Index Rate	

*\*Values may not tie to the URRT due to URRT rounding requirements and total row in table may not sum from the component rows due to rounding.*

Reinsurance

There is no Federal or state-based reinsurance program applicable to the 2026 South Dakota Individual Market.

Risk Adjustment Payment / Charge

We estimate Sanford will [REDACTED] in risk adjustment for metallic plans and [REDACTED] for catastrophic plans. We illustrate these amounts on an allowed basis in URRT Worksheet 1, Section II.

Sanford developed the projected risk transfers based on [REDACTED]  
[REDACTED]. The estimates of relative risk and risk transfers are highly dependent on the population that enrolls with Sanford and other carriers in the market. We apply the risk transfer to the Projected Index Rate on an allowed basis in the development of the Market Adjusted Index Rate as required by CMS.

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## Exchange User Fees

We apply the 2.50% Exchange User Fee to only those covered lives sold on the exchange. The following table demonstrates the build-up in our rate development.

Table 3.5 Sanford Health Plan Build-up of Exchange User Fee		
Component		Annotation
Exchange Premium as % of Total		(1)
Mandated Fee		(2)
<b>Composite Fee - Paid Basis (% Premium)</b>		$(3) = (1) * (2)$
Total Premium		(4)
<b>Composite Fee - Paid Basis (PMPM)</b>		$(5) = (3) * (4)$
Market Adjusted Index Rate		(6)
Paid-to-Allowed Ratio		(7)
<b>Composite Fee - Allowed Basis (% MAIR)</b>		$(8) = [(5) / (7)] / (6)$

## Paid to Allowed Ratio

Table 3.6 below provides support for the average projected paid to allowed ratio excluding the impact of reinsurance, which reflects the member month weighted average by metal level.

Table 3.6 Sanford Health Plan Average Projected Paid to Allowed Factor				
Tier	Member Months	Allowed Claims PMPM	Paid Claims PMPM	Ratio
Gold				
Silver				
Bronze				
Catastrophic				
<b>Total</b>				

*\*Values may not tie to the URRT due to URRT rounding requirements and the URRT's treatment of the Catastrophic Eligibility adjustments.*

Table 3.6b below provides average projected Paid to Allowed Factor

Table 3.6b Sanford Health Plan				
Tier	Member Months	Allowed Claims PMPM	Paid Claims PMPM	Ratio
Gold				
Silver				
Bronze				
Catastrophic				
<b>Total</b>				

*\*Values may not tie to the URRT due to URRT rounding requirements and the URRT's treatment of the Catastrophic Eligibility adjustments.*



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We price 2026 plans using the Wakely Pricing Model to calculate the paid to allowed ratios. The model estimates actuarial equivalent relative values of different benefit plans using estimated medical costs calibrated to Sanford’s experience (including service area, provider reimbursement, degree of health care management, etc.).

PLAN ADJUSTED INDEX RATE

We display the development of the Plan Adjusted Index Rates in URRT Worksheet 2, Section III. We apply the following adjustments to the Market Adjusted Index Rate to compute the Plan Adjusted Index Rates.

Actuarial Value and Cost Sharing Design of the Plan

This factor consists of the product of the Actuarial Value (AV) and the utilization factors, excluding expected differences in the morbidity of the members assumed to select the plan. In other words, these adjustments are based only on utilization expectations related to the comparative richness of each benefit plan and not on those who select such a plan.

We develop these adjustments in the Wakely Pricing Model. This model estimates actuarial equivalent relative values of different benefit plans using estimated medical costs calibrated to Sanford’s experience. Our pricing models assume the same demographic and risk characteristics for each plan, thereby excluding expected differences in the morbidity of members assumed to select the plan. The AV and Cost Sharing adjustment also reflects the full plan liability for CSR subsidy payments by Sanford for subsidized plans.

We split the AV and Cost Sharing factor into the AV and induced demand components in Appendix A. The AV and Cost Sharing adjustment also reflects the full plan liability for CSR subsidy payments by Sanford for subsidized plans.

Provider Network, Delivery System Characteristics, and Utilization Management Practices

We determine the value of each provider network based on a review of the contractually negotiated reimbursement arrangements for Sanford and changes expected in future arrangements.

Retention

Administrative Costs

The following table summarizes projected administrative expenses illustrated in Worksheet 2, Section III of the URRT.

Table 3.7 Sanford Health Plan Projected Administrative Expenses		
Component	PMPM	
General Admin		
Commission		
Commercial Reinsurance Recoveries		
Commercial Reinsurance Premiums		
Quality Improvement		
Information Technology		
Medical Management		
Marketing		
Total Administrative Expenses		

*\*Total row in table may not sum from the component rows due to rounding.*

We apply the distribution and administrative costs to each plan on a “percent of premium” or PMPM basis. The values do not vary by product or plan and are from Sanford’s projection of 2026 expenses, which are based on 2024 actual expenses and 2025 budgets. We believe 2024 experience and 2025 forecasts are an appropriate and consistent basis for projecting 2026 costs.

Profit and Risk Margin

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We display Sanford's profit and risk load in Worksheet 2, Section III of the URRT.

### Taxes and Fees

The following table summarizes projected taxes and fees illustrated in Worksheet 2, Section III of the URRT.

Table 3.8 Sanford Health Plan Projected Taxes and Fees (Without ePTC)		
Component	PMPM	% of Premium
Risk Adjustment Admin Fee		
Federal Income Tax		
PCORI		
SD Premium Tax		
<b>Total Taxes and Fees</b>		
<i>*Total row in table may not sum from the component rows due to rounding.</i>		

Table 3.8b below provides projected Taxes and fees assuming [REDACTED]

Table 3.8b Sanford Health Plan Projected Taxes and Fees [REDACTED]		
Component	PMPM	% of Premium
Risk Adjustment Admin Fee		
Federal Income Tax		
PCORI		
SD Premium Tax		
<b>Total Taxes and Fees</b>		
<i>*Total row in table may not sum from the component rows due to rounding.</i>		

The build-up of the exchange fee reflected in the Market Adjustment Index Rate is described above.

### Catastrophic Adjustment

We develop this adjustment to illustrate the impact of the restricted age requirements in the Catastrophic risk pool, effect of tobacco loads applied to the expected catastrophic population, and the expected risk score and morbidity specific to that population.

### CALIBRATION

We apply a single calibration factor to the Plan Adjusted Index Rates to calibrate rates for the expected age and geographic distributions expected to enroll in the plan. We apply the single calibration factor uniformly across all plans and display all factor values in Worksheet 2, Section III of the URRT.

Age Curve Calibration

To develop the age calibration factor, we premium weight the CMS federal age curve factors on a projected premium basis. The following table demonstrates the build-up of the age calibration factor.

Table 3.9 Sanford Health Plan Projected Age Distribution		
Age Band	Premium Rating Factor	
0 -14	0.765	
15-18	0.873	
19-20	0.956	
21-24	1.000	
25-29	1.056	
30-34	1.178	
35-39	1.240	
40-44	1.332	
45-49	1.570	
50-54	1.956	
55-59	2.430	
60-63	2.837	
64+	3.000	
Composite Rating Factor		
Final Age Calibration Factor		

We apply the age curve calibration to all plans. The calibration to the age curve complies with the rating rules specified in 45 CFR Part 147, §147.102.

Geographic Factor Calibration

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### Tobacco Use Rating Factor Calibration

[REDACTED]

### CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

The Consumer Adjusted Premium Rate is the final premium rate for a plan charged to an individual, family, or small employer group utilizing the rating and premium adjustments as articulated in the applicable market reform rating rules. It is the product of the Plan Adjusted Index Rate and the calibration factors. [REDACTED]

[REDACTED]

We provide the 2026 rate setting parameters, along with a sample rate calculation in Appendix B.

## IV. PROJECTED LOSS RATIO

The projected loss ratio, excluding adjustments for credibility, is approximately [REDACTED]. We calculate the loss ratio consistently with the MLR methodology prescribed by 45 CFR 158. The following table summarizes the calculation of the projected federal medical loss ratio. Taxes and Fees include the items outlined in the table in the prior section, and the Claim-Related Retention reflects Sanford's quality improvement, information technology, and medical management expenses.

Table 4.1 Sanford Health Plan Projected Medical Loss Ratio		
Component		Annotation
Claims		(1)
Claim-Related Retention		(2)
Risk Adjustment Paid (Received)		(3)
State Reinsurance (Received)		(4)
<b>MLR Numerator</b>		$(5) = (1) + (2) + (3) + (4)$
Premiums		(6)
Taxes and Fees		(7)
<b>MLR Denominator</b>		$(8) = (6) - (7)$
<b>Projected MLR Without Credibility Adjustments</b>		$(9) = (5) / (8)$

*\*Values may not tie to the URRT due to URRT rounding requirements and the URRT's treatment of the Catastrophic Eligibility adjustments. Total rows in table may not sum from the component rows due to rounding.*

The above loss ratio is a single year value only. To the extent this amount on a three-year rolling average basis, and after applying applicable credibility adjustments, falls below the federal 80% threshold, Sanford will comply with all federal rebate regulations found in Public Health Service Act (PHS Act) section 2718.

It is our understanding no additional state-specific projected loss ratio demonstration is required.

V. PLAN PRODUCT INFORMATION

AV METAL LEVELS

We develop the AV Metal Values included in Worksheet 2, Section I of the URRT with the available 2026 CMS Actuarial Value Calculator. We provide screenshots for each plan with this filing.

MEMBERSHIP PROJECTIONS

Sanford developed membership projections based on consideration for the following:

- Historical sales for Sanford’s individual products
- Sales distribution and availability of provider networks
- Expected competitive position in the market

The 2026 membership represents [REDACTED]

The following table displays the projected silver membership distribution by CSR variant as a percentage of total projected silver enrollment.

Table 5.1 Sanford Health Plan Projected Silver Membership	
Plan	
Silver 73%	[REDACTED]
Silver 87%	
Silver 94%	
ZCS Silver	
LCS Silver	
Standard Silver	
Total	

*\*Distribution displayed as percentage of total silver enrollment.*

PLAN TYPE

We note all plan types in Worksheet 2, Section I of the URRT.

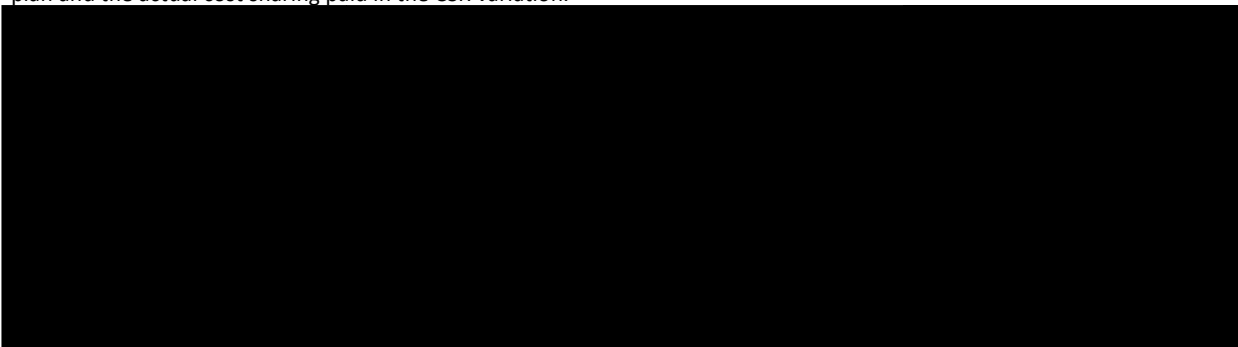
## VI. CMS COST SHARING REDUCTION REPORTING REQUIREMENTS

### 2024 CSR LOAD ESTIMATE

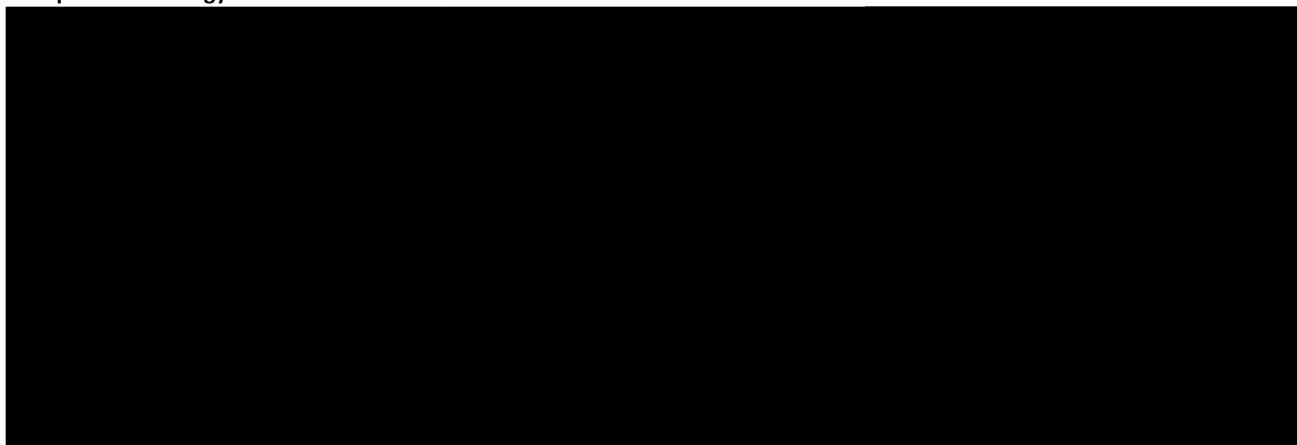
Sanford estimates the 2024 CSR load amount is [REDACTED] Sanford uses the standard methodology to calculate the amounts for CSR 73%, CSR 87% and CSR 94% plans, and uses simple methodology to calculate the Zero Cost Sharing (ZCS) plans due to time constrain.

#### Standard Methodology

This approach relies on the re-adjudication of all claims as if they had occurred in the standard plan variation. The total actual value of CSR provided is equal to the difference between the estimated cost sharing that would have been paid in the standard plan and the actual cost sharing paid in the CSR variation.



#### Simple Methodology



### 2026 CSR PROJECTION ESTIMATE

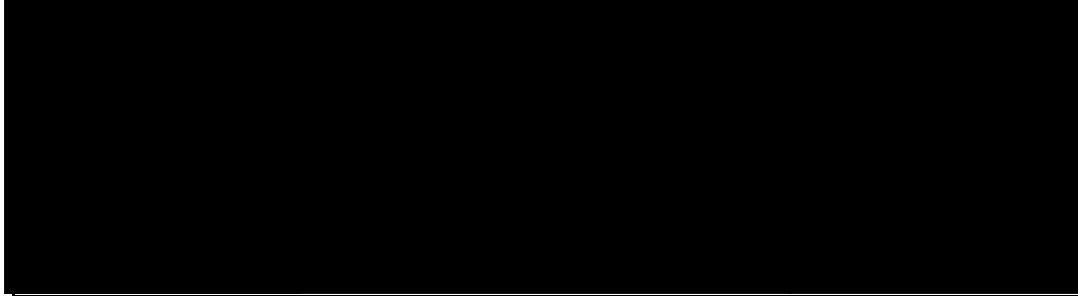
Sanford estimates the 2026 projected additional revenue collected from the applied CSR load to be [REDACTED]  
[REDACTED] We expect this Amount to be comparable to the expected amount of CSRs that will be applied in CY 2026. This is due to the methodology we used which is explained below being the best estimate of CSR payments.



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### Methodology

To determine our 2026 CSR load we calculated pricing AVs for both the base silver plan design and each silver CSR variant plan design using the Wakely Plan Valuation Model. We then calculated an overall weighted average AV by taking our projected 2026 enrollment in each variant times the resulting pricing AV for that variant, divided by total enrollment in the Silver plan as a whole. The ratio between the weighted average pricing AV and the base silver pricing AV is the CSR load for each plan. See calculation example in the table below:





# VII. MISCELLANEOUS INSTRUCTIONS

## EFFECTIVE RATE REVIEW INFORMATION

Information is available upon request.

## TERMINATED PLANS

[Redacted]

Table 6.1 Sanford Health Plan 2024 Terminated Plans		
Plan Name		HIOS
[Redacted]		

[Redacted]

## RELIANCE

In performing this analysis, we rely on data and other information provided by Sanford. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data.

## ACTUARIAL CERTIFICATION

I, [Redacted] will provide the opinion herein.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

I certify, to the best of my knowledge and judgment:

- The Projected Index Rate is:
  - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102).
  - Developed in compliance with the applicable Actuarial Standards of Practice.
  - Reasonable in relation to the benefits provided and the population anticipated to be covered.
  - Neither excessive nor deficient based on my best estimates of the 2026 individual market.
- The Projected Index Rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
- I calculated the percentage of total premium that represents essential health benefits in accordance with actuarial standards of practice.

4. The geographic rating factors reflect only differences in the costs of delivery (e.g., unit costs, provider practice pattern differences) and do not include differences for population morbidity by geographic area.
5. I used the available CMS Actuarial Value Calculator to determine the AV Metal Values shown in Worksheet 2, Section I of the URRT for all plans.
6. The entire rate filing is in compliance with the applicable laws and rules of South Dakota.

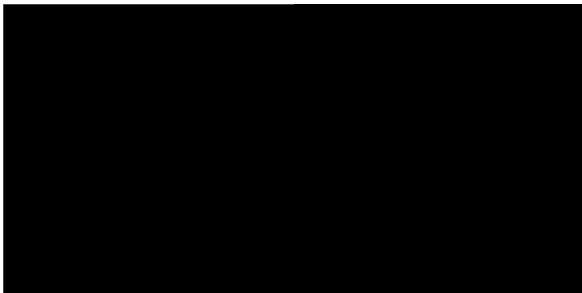
The URRT does not demonstrate the process used to develop proposed premium rates. It is representative of information required by federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans, and for certification that the index rate is developed in accordance with federal regulation, used consistently, and only adjusted by the allowable modifiers.

The information provided in this Actuarial Memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify I developed rates in accordance with applicable regulations, as noted.

The Part I Unified Rate Review Template (URRT) does not demonstrate the process used 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 the index rate is developed in accordance with federal regulation and used consistently and only adjusted by the allowable modifiers.

The information provided in this Actuarial Memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify rates were developed in accordance with applicable regulations, as noted. Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Respectfully Submitted,



## APPENDICES

**Appendix A**  
**Sanford Health Plan**  
**Development of AV Pricing Value**

Plan Name	HIOS Plan ID	Metal Tier	Cost Sharing Impact	Utilization Impact	Final AV Pricing Value
Simplicity 1300x	31195SD0110020	Gold			
Simplicity 1750	31195SD0110001	Gold			
Simplicity Standardized 2000	31195SD0110018	Gold			
Simplicity 2500x	31195SD0110021	Gold			
Simplicity 2750x	31195SD0110022	Silver			
Simplicity 3500	31195SD0110003	Silver			
Simplicity 3500x	31195SD0110011	Silver			
Simplicity 4000x HSA	31195SD0110023	Silver			
Simplicity 4750	31195SD0110005	Silver			
Simplicity 4750x	31195SD0110010	Silver			
Simplicity 5100x	31195SD0110024	Silver			
Simplicity 5500x HSA	31195SD0110025	Silver			
Simplicity Standardized 6000	31195SD0110017	Silver			
Simplicity 6500	31195SD0110007	Bronze			
Simplicity 7200 HSA	31195SD0110006	Bronze			
Simplicity Standardized 7500	31195SD0110016	Bronze			
Simplicity 10600	31195SD0110009	Catastrophic			
TRUE 1300x	31195SD0080030	Gold			
TRUE 1750	31195SD0080018	Gold			
TRUE Standardized 2000	31195SD0080028	Gold			
TRUE 2500x	31195SD0080031	Gold			
TRUE 2750x	31195SD0080032	Silver			
TRUE 3500	31195SD0080008	Silver			
TRUE 3500x	31195SD0080021	Silver			
TRUE 4000x HSA	31195SD0080033	Silver			
TRUE 4750	31195SD0080016	Silver			
TRUE 4750x	31195SD0080020	Silver			
TRUE 5100x	31195SD0080034	Silver			
TRUE 5500x HSA	31195SD0080035	Silver			
TRUE Standardized 6000	31195SD0080027	Silver			
TRUE 6500	31195SD0080007	Bronze			
TRUE 7200 HSA	31195SD0080009	Bronze			
TRUE Standardized 7500	31195SD0080026	Bronze			
TRUE 10600	31195SD0080015	Catastrophic			

Appendix A2  
Sanford Health Plan  
Development of AV Pricing Value

Plan Name	HIOS Plan ID	Metal Tier	Cost Sharing Impact	Utilization Impact	Final AV Pricing Value
Simplicity 1300x	31195SD0110020	Gold			
Simplicity 1750	31195SD0110001	Gold			
Simplicity Standardized 2000	31195SD0110018	Gold			
Simplicity 2500x	31195SD0110021	Gold			
Simplicity 2750x	31195SD0110022	Silver			
Simplicity 3500	31195SD0110003	Silver			
Simplicity 3500x	31195SD0110011	Silver			
Simplicity 4000x HSA	31195SD0110023	Silver			
Simplicity 4750	31195SD0110005	Silver			
Simplicity 4750x	31195SD0110010	Silver			
Simplicity 5100x	31195SD0110024	Silver			
Simplicity 5500x HSA	31195SD0110025	Silver			
Simplicity Standardized 6000	31195SD0110017	Silver			
Simplicity 6500	31195SD0110007	Bronze			
Simplicity 7200 HSA	31195SD0110006	Bronze			
Simplicity Standardized 7500	31195SD0110016	Bronze			
Simplicity 10600	31195SD0110009	Catastrophic			
TRUE 1300x	31195SD0080030	Gold			
TRUE 1750	31195SD0080018	Gold			
TRUE Standardized 2000	31195SD0080028	Gold			
TRUE 2500x	31195SD0080031	Gold			
TRUE 2750x	31195SD0080032	Silver			
TRUE 3500	31195SD0080008	Silver			
TRUE 3500x	31195SD0080021	Silver			
TRUE 4000x HSA	31195SD0080033	Silver			
TRUE 4750	31195SD0080016	Silver			
TRUE 4750x	31195SD0080020	Silver			
TRUE 5100x	31195SD0080034	Silver			
TRUE 5500x HSA	31195SD0080035	Silver			
TRUE Standardized 6000	31195SD0080027	Silver			
TRUE 6500	31195SD0080007	Bronze			
TRUE 7200 HSA	31195SD0080009	Bronze			
TRUE Standardized 7500	31195SD0080026	Bronze			
TRUE 10600	31195SD0080015	Catastrophic			

Appendix B  
Sanford Health Plan  
2026 Rate Setting Parameters

Rate Formula Illustration - 01/2026 Effective Date	
Plan Base Rate	31195SD0080030
* Age Factor	30
* Tobacco Surcharge	No
* Area Factor	Rating Area 1
= Consumer Adjusted Premium Rate	

Appendix B2  
Sanford Health Plan  
2026 Rate Setting Parameters

Product	Plan	HIOS		Base Rate	Band	Age Factor	Tobacco Factor	Geographic Factors	
		Plan ID	Metal					Area	Factor
Exchange PPO	Simplicity 1300x	31195SD0110020	Gold		0 to 14	0.765		Rating Area 1	
Exchange PPO	Simplicity 1750	31195SD0110001	Gold		15	0.833		Rating Area 2	
Exchange PPO	Simplicity Standardized 2000	31195SD0110018	Gold		16	0.859		Rating Area 3	
Exchange PPO	Simplicity 2500x	31195SD0110021	Gold		17	0.885		Rating Area 4	
Exchange PPO	Simplicity 2750x	31195SD0110022	Silver		18	0.913			
Exchange PPO	Simplicity 3500	31195SD0110003	Silver		19	0.941			
Exchange PPO	Simplicity 3500x	31195SD0110011	Silver		20	0.970			
Exchange PPO	Simplicity 4000x HSA	31195SD0110023	Silver		21	1.000			
Exchange PPO	Simplicity 4750	31195SD0110005	Silver		22	1.000			
Exchange PPO	Simplicity 4750x	31195SD0110010	Silver		23	1.000			
Exchange PPO	Simplicity 5100x	31195SD0110024	Silver		24	1.000			
Exchange PPO	Simplicity 5500x HSA	31195SD0110025	Silver		25	1.004			
Exchange PPO	Simplicity Standardized 6000	31195SD0110017	Silver		26	1.024			
Exchange PPO	Simplicity 6500	31195SD0110007	Bronze		27	1.048			
Exchange PPO	Simplicity 7200 HSA	31195SD0110006	Bronze		28	1.087			
Exchange PPO	Simplicity Standardized 7500	31195SD0110016	Bronze		29	1.119			
Exchange PPO	Simplicity 10600	31195SD0110009	Catastrophic		30	1.135			
Exchange HMO	TRUE 1300x	31195SD0080030	Gold		31	1.159			
Exchange HMO	TRUE 1750	31195SD0080018	Gold		32	1.183			
Exchange HMO	TRUE Standardized 2000	31195SD0080028	Gold		33	1.198			
Exchange HMO	TRUE 2500x	31195SD0080031	Gold		34	1.214			
Exchange HMO	TRUE 2750x	31195SD0080032	Silver		35	1.222			
Exchange HMO	TRUE 3500	31195SD0080008	Silver		36	1.230			
Exchange HMO	TRUE 3500x	31195SD0080021	Silver		37	1.238			
Exchange HMO	TRUE 4000x HSA	31195SD0080033	Silver		38	1.246			
Exchange HMO	TRUE 4750	31195SD0080016	Silver		39	1.262			
Exchange HMO	TRUE 4750x	31195SD0080020	Silver		40	1.278			
Exchange HMO	TRUE 5100x	31195SD0080034	Silver		41	1.302			
Exchange HMO	TRUE 5500x HSA	31195SD0080035	Silver		42	1.325			
Exchange HMO	TRUE Standardized 6000	31195SD0080027	Silver		43	1.357			
Exchange HMO	TRUE 6500	31195SD0080007	Bronze		44	1.397			
Exchange HMO	TRUE 7200 HSA	31195SD0080009	Bronze		45	1.444			
Exchange HMO	TRUE Standardized 7500	31195SD0080026	Bronze		46	1.500			
Exchange HMO	TRUE 10600	31195SD0080015	Catastrophic		47	1.563			
					48	1.635			
					49	1.706			
					50	1.786			
					51	1.865			
					52	1.952			
					53	2.040			
					54	2.135			
					55	2.230			
					56	2.333			
					57	2.437			
					58	2.548			
					59	2.603			
					60	2.714			
					61	2.810			
					62	2.873			
					63	2.952			
					64 and over	3.000			

Rate Formula Illustration - 01/2026 Effective Date

Plan Base Rate	31195SD0080030
* Age Factor	30
* Tobacco Surcharge	No
* Area Factor	Rating Area 1
= Consumer Adjusted Premium Rate	

## ACTUARIAL VALUE CALCULATOR CERTIFICATION



# Sanford Health Plan Actuarial Value Memorandum South Dakota 2026 Individual

The purpose of this Actuarial Memorandum is to calculate the actuarial values for determining the level of coverage for Sanford Health Plan's (Sanford's) plans that could not be evaluated in the Health and Human Services (HHS) Actuarial Value Calculator (AVC). This memorandum addresses the following non-standard plans Sanford intends to market:

<b>Exhibit 1</b> <b>Sanford Health Plan</b> <b>South Dakota - Individual Market</b> <b>AV Calculations for Plans Requiring Adjustments Outside the Federal AV Calculator</b>		
<b>Plan Name</b>	<b>HIOS</b>	<b>Metal</b>
Simplicity 1300x	31195SD0110020	Gold
Simplicity 2500x	31195SD0110021	Gold
Simplicity 2750x	31195SD0110022	Silver
Simplicity 3500	31195SD0110003	Silver
Simplicity 3500x	31195SD0110011	Silver
Simplicity 4750	31195SD0110005	Silver
Simplicity 4750x	31195SD0110010	Silver
Simplicity 5100x	31195SD0110024	Silver
Simplicity 6500	31195SD0110007	Bronze
Simplicity 10600	31195SD0110009	Catastrophic
TRUE 1300x	31195SD0080030	Gold
TRUE 2500x	31195SD0080031	Gold
TRUE 2750x	31195SD0080032	Silver
TRUE 3500	31195SD0080008	Silver
TRUE 3500x	31195SD0080021	Silver
TRUE 4750	31195SD0080016	Silver
TRUE 4750x	31195SD0080020	Silver
TRUE 5100x	31195SD0080034	Silver
TRUE 6500	31195SD0080007	Bronze
TRUE 10600	31195SD0080015	Catastrophic

Due to the complexity of some of the cost sharing features, we could not evaluate these plans directly in the AVC. Therefore, we used the Wakely Pricing Model to develop plan relativities, which we applied to the actuarial values as calculated in the AVC.

## BACKGROUND

The Affordable Care Act (ACA) requires issuers in the individual and small group markets, inside and outside of the Exchange, to offer minimum levels of coverage for Essential Health Benefits (EHB). These levels of coverage are measured in the form of actuarial values, as described in the following formula:

$$\text{Actuarial Value} = \frac{\text{Anticipated Plan Paid Allowed Charges for EHB Coverage for Standard Population}}{\text{Anticipated Total Allowed Charges for EHB Coverage for Standard Population}}$$

The levels of coverage offered in the ACA market must fall within certain actuarial value levels, depending on metal level and exchange status. HHS developed an Actuarial Value Calculator for issuers to use to evaluate plan designs and to ensure offerings meet the above criteria. The underlying costs in the AVC cover all federally mandated EHB and reflect a standard individual and small group population.

For plans with cost sharing which cannot be accommodated in the AVC, an actuary must certify these plans fall within the above ranges for their metallic levels. Sanford's proposed plans contain features that cannot be accommodated in the currently available AVC. Therefore, we developed adjustment factors by plan and applied these factors to the actuarial value as calculated by the AVC.

# Sanford Health Plan Actuarial Value Memorandum South Dakota 2026 Individual

The plan design feature described below could not be accommodated in the AVC:

## RESULTS

Exhibit 1 includes the results of our actuarial value analysis for Sanford's plans that did not fit in the AVC. actuarial values listed in the exhibit, each plan falls within the de minimus range for its respective tier.

## METHODOLOGY AND ASSUMPTIONS

We calculated actuarial values for Sanford's proposed plans using the Wakely Pricing Model.

To calculate a final actuarial value, we first entered each plan into the AVC as closely to the model inputs as possible. We modeled the same plan designs using the benefits as entered in the AVC. We then modeled the plans using the Wakely Pricing Model as Sanford will administer them. We developed a plan relativity factor from the two results and applied it to the initial result from the AVC:

$$\text{Relativity Factor} = \frac{\text{Actuarial Value For True Administered Benefit Provisions Using the Wakely Pricing Model}}{\text{Actuarial Value From Benefits as Entered using the Federal AVC}}$$

## DATA RELIANCE AND CAVEATS

Wakely developed certain models to estimate the values used in this analysis. The model reflects data as input, as provided by Sanford operational departments. The intent of the models is to develop actuarial value estimates for Sanford's 2026 individual market ACA plans in the state of South Dakota and may not be appropriate for any other purpose. We reviewed the models including the inputs, calculations, and outputs. We believe they are consistent, reasonable, appropriate to the intended purpose, and comply with the generally accepted actuarial practice, and relevant actuarial standards. Any reader of this memorandum must possess substantial level of expertise in areas relevant to this analysis to appreciate the significance of their assumptions used in the analysis, and the impact of the assumptions of the illustrated results.

The results of this analysis are actuarial projections. Actual experience would differ for a number of reasons including but not necessarily limited to population changes, claims experience, random deviations from assumptions.

## QUALIFICATIONS

I, [REDACTED] am a member of the American Academy of Actuaries and meet the Qualification Standards of the Academy to render the actuarial certification contained herein. I reviewed the attached actuarial values for determining the level of coverage for Sanford's plans effective January 1, 2026.

**Sanford Health Plan  
Actuarial Value Memorandum  
South Dakota 2026 Individual**

**CERTIFICATION**

I used the available Actuarial Value Calculator to determine the actuarial values for the plan provisions that fit within the calculator parameters and made appropriate adjustments to the actuarial values identified by the calculator, for plan design features that deviate substantially from the parameters of the Actuarial Values Calculator. To the best of my knowledge, these actuarial values are calculated in compliance with the Department of Health and Human Services (HHS) and state Insurance Law.

I certify the adjustments made to the actuarial value as identified by Actuarial Value Calculator are appropriate and in accordance with generally accepted actuarial principles and methodologies.



# Sanford Health Plan Actuarial Value Memorandum South Dakota 2026 Individual

**Exhibit 1**  
**Sanford Health Plan**  
**South Dakota - Individual Market**  
**AV Calculations for Plans Requiring Adjustments Outside the Federal AV Calculator (Without ePTC)**

		( 1 )	( 2 )	(3) = (1)*(2)
		Starting AV from the		
Plan Name	HIOS ID	HHS AVC	AV Impact	Final AV
Simplicity 1300x	31195SD0110020	79.21%		
Simplicity 2500x	31195SD0110021	78.68%		
Simplicity 2750x	31195SD0110022	71.66%		
Simplicity 3500	31195SD0110003	71.34%		
Simplicity 3500x	31195SD0110011	71.34%		
Simplicity 4750	31195SD0110005	71.10%		
Simplicity 4750x	31195SD0110010	71.10%		
Simplicity 5100x	31195SD0110024	69.81%		
Simplicity 6500	31195SD0110007	64.48%		
Simplicity 10600	31195SD0110009	60.33%		
TRUE 1300x	31195SD0080030	79.21%		
TRUE 2500x	31195SD0080031	78.68%		
TRUE 2750x	31195SD0080032	71.66%		
TRUE 3500	31195SD0080008	71.34%		
TRUE 3500x	31195SD0080021	71.34%		
TRUE 4750	31195SD0080016	71.10%		
TRUE 4750x	31195SD0080020	71.10%		
TRUE 5100x	31195SD0080034	71.07%		
TRUE 6500	31195SD0080007	64.48%		
TRUE 10600	31195SD0080015	60.33%		

**Sanford Health Plan**  
**Actuarial Value Memorandum**  
**South Dakota 2026 Individual**

**Exhibit 1b**  
**Sanford Health Plan**  
**South Dakota - Individual Market**  
**AV Calculations for Plans Requiring Adjustments Outside the Federal AV Calculator (With ePTC)**

		( 1 )	( 2 )	(3) = (1)*(2)
		Starting AV from the		
Plan Name	HIOS ID	HHS AVC	AV Impact	Final AV
Simplicity 1300x	31195SD0110020	79.21%	1.0020	79.37%
Simplicity 2500x	31195SD0110021	78.68%	1.0016	78.80%
Simplicity 2750x	31195SD0110022	71.66%	1.0024	71.83%
Simplicity 3500	31195SD0110003	71.34%	1.0024	71.51%
Simplicity 3500x	31195SD0110011	71.34%	1.0024	71.51%
Simplicity 4750	31195SD0110005	71.10%	1.0022	71.26%
Simplicity 4750x	31195SD0110010	71.10%	1.0022	71.26%
Simplicity 5100x	31195SD0110024	69.81%	1.0029	70.01%
Simplicity 6500	31195SD0110007	64.48%	1.0025	64.64%
Simplicity 10600	31195SD0110009	60.33%	1.0040	60.57%
TRUE 1300x	31195SD0080030	79.21%	1.0020	79.37%
TRUE 2500x	31195SD0080031	78.68%	1.0016	78.80%
TRUE 2750x	31195SD0080032	71.66%	1.0024	71.83%
TRUE 3500	31195SD0080008	71.34%	1.0024	71.51%
TRUE 3500x	31195SD0080021	71.34%	1.0024	71.51%
TRUE 4750	31195SD0080016	71.10%	1.0022	71.26%
TRUE 4750x	31195SD0080020	71.10%	1.0022	71.26%
TRUE 5100x	31195SD0080034	71.07%	1.0022	71.22%
TRUE 6500	31195SD0080007	64.48%	1.0025	64.64%
TRUE 10600	31195SD0080015	60.33%	1.0040	60.57%