UnitedHealthcare Insurance Company

Part II: Primary Written Justification of Rate Increase

Wyoming 2026 Individual Exchange Rates

July 15, 2025

United Healthcare

Part II: Written Description Justifying the Rate Increase

The following memorandum describes the key drivers of the rate changes of individual rates for UnitedHealthcare Insurance Company ("UHIC"). UHIC policies are individual medical plans offered in Wyoming and are fully compliant with the Patient Protection and Affordable Care Act.

Scope and Range of the Rate Increase

UHIC is filing 2026 rates for individual products. The proposed rate change is 29.13% and will affect 3,475 individuals. The rate changes vary between 26.72% and 30.94%. Given that the rate changes are based on the same single risk pool, the rate changes vary by plan due to plan design changes.

Financial Experience of the Product

UHIC does not have 2024 financial experience in Wyoming.

Changes in Medical Service Costs

There are many different healthcare cost trends that contribute to increases in the overall U.S. healthcare spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key healthcare cost trends that have affected this year's rate actions include:

- Increasing cost of medical services: Annual increases in reimbursement rates to healthcare providers, such as hospitals, doctors, and pharmaceutical companies.
- Increased utilization: The number of office visits and other services continues to grow. In addition, total healthcare spending will vary by the intensity of care and use of different types of health services. The price of care can be affected using expensive procedures such as surgery versus simply monitoring or providing medications.
- Higher costs from deductible leveraging: Healthcare costs continue to rise every year. If deductibles and copayments remain the same, a higher percentage of healthcare costs need to be covered by health insurance premiums each year.
- Impact of new technology: Improvements to medical technology and clinical practice often result in the use of more expensive services, leading to increased healthcare spending and utilization.
- Expiration of enhanced premium tax credits: Expanded and enhanced federal premium tax credits for consumers will expire at the end of 2025. As a result, post-tax credit premiums will increase for calendar year 2026.
- Changes in market morbidity: Premiums reflect the expected increase in the average cost per member due to healthier members leaving the market if enhanced ATPCs are allowed to expire.

Changes in Benefits

Changes in benefits impact costs and therefore affect premium changes. Plan benefits are typically changed for one of three reasons: to comply with the requirements of the Affordable

Care Act or state law, to respond to consumer feedback, or to address a particular medical cost issue to provide greater long-term affordability of the product.

The Affordable Care Act implemented requirements for the “value” that must be offered by plan designs in the Individual and Small Group markets. These are called “metal levels”. For a benefit plan to remain classified within a particular metal level from year to year, adjustments to deductibles, copayments or coinsurance are sometimes required. These adjustments impact the cost and therefore the premium increases for the plan.

Administrative Costs and Anticipated Margins

UHIC works to directly control administrative expenses by adopting better processes and technology and developing programs and innovations that make healthcare more affordable. We have led the marketplace by introducing key innovations that make healthcare services more accessible and affordable for customers, improve the quality and coordination of healthcare services, and help individuals and their physicians make more informed healthcare decisions.

Taxes and fees imposed by the state and federal government are significant factors that impact healthcare spending and must be included as additional administrative costs associated with the plans. These fees include Affordable Care Act taxes and fees which impact health insurance costs and need to be reflected in premium. Another component of premium is margin, which is set to address expected volatility and risk in the market.

The requested rate change is anticipated to be sufficient to cover the projected benefit and administrative costs for the 2026 plan year.