

Blue Cross of Idaho Health Services, Inc.
Preliminary Rate Increase Justification for 2025
Individual Health Benefit Plans

Scope and Range of the Rate Increase

The filed overall average rate change for January 1, 2025, is -1.9%. This average rate change does not indicate that every individual's rate will change by this amount, as rates are affected by the ages of those covered, family coverage, the date of policy renewal and benefits chosen. We have estimated that rate changes by member, prior to the impact of aging, for the 24,196 members enrolled as of March 2024 will range between -8.0% and 6.2% including the impact of benefit and cost sharing changes.

Rate changes will vary by metal level:

Metal Level	Average Rate Increase
Gold	-0.5%
Silver	-0.3%
Bronze	-2.5%
Catastrophic	-1.0%

Average increases also vary by rating area.

Rating Area	Average Rate Increase
1	-6.4%
2	2.5%
3	-0.9%
4	-0.2%
5	-2.4%
6	0.3%

Most Significant Factors

The rate change described above is driven by the following factors:

Paid Claims Expense:	6.70%
State Based Reinsurance	-4.20%
Risk Adjustment:	-1.90%
Administrative Expenses:	-1.20%
Taxes and Fees:	0.10%
Other:	-0.65%

Summary of Historical Experience

Financial results for the base experience period of January 1, 2023 to December 31, 2023 are estimated to be as follows:

Item	Amount	% of Revenue
Total Premium (net of MLR rebate)	\$162,368,860	100.00%
Total Paid Claims	\$129,102,512	79.51%
Risk Adjustment Receipt/(Payment)	(\$8,971,302)	5.53%
Administrative Costs	\$20,245,000	12.47%
Taxes and Fees	\$5,543,000	3.41%
Profit	\$9,356,054	5.76%

The risk adjustment receipt is an estimated value. Outstanding uncertainty around parameters for this program will further impact the actual results. Revenue is net of APTC payments. Taxes and fees due not include federal income tax.

Key Assumptions

The annual cost trends used in developing the 2025 rates:

- Medical: 8.1%
- Drug: 16.5%

These trends are based on our analysis of historical cost trends and consideration of other factors likely to affect future trend including the rates contracted with providers, increases in the number and mix of services provided, and the SEP validation process impact the projected claim expense.

The 2025 rates are made up of the following components:

- Medical claims: 74.06% of projected revenue
- Risk Adjustment Transfer (payment): 5.56% of projected revenue
- Administrative costs: 11.15% of projected revenue
- Commissions: 3.48% of projected revenue
- Federal Taxes and Fees: 2.25% of projected revenue
- State Taxes and Fees: 1.50% of projected revenue
- Contribution to surplus, profit, and risk margin: 2.00% of projected revenue