

**Regence BlueShield of Idaho
Preliminary Rate Increase Justification for 2025
Individual Health Benefit Plans**

Rate Change

The projected average rate change for plans effective January 1, 2025 is 11.9% which is an average rate change of about \$52 per member per month (pmpm). Because 11.9% (or about \$52) is an average, it is possible to have a different rate change. Factors affecting a member's premium are age, tobacco use, family composition, plan, and geographic area. Expected cost differences by product are updated every year to ensure premium differences are appropriate. Regence has approximately 27,300 members enrolled in this line of business as of March 2024.

Percentage rate changes for major groupings that differ from the overall rate change:

Rating Area						
Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Overall
11.0%	13.5%	14.2%	9.6%	14.9%	10.0%	11.9%

Metal			
Bronze	Silver	Gold	Overall
11.3%	12.3%	12.8%	11.9%

Most Significant Factors

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

- Medical Trend : 9%
- Experience different than assumptions : 3%
- Change in Benefits, Age, Area, and Network : 3%
- Changes in Administrative Costs : 1%
- Change in High Risk Pool : -4%
- **Total: 12%**

Experience different than assumptions includes differences between actual results and past assumptions, including a true-up of market morbidity estimates.

Financial Experience

The 2023 ACA unadjusted premium revenue was \$93,925,619 (\$454 pmpm), compared to total estimated incurred claims of \$68,341,534 (\$330 pmpm). This produced an unadjusted loss ratio of 72.8%. Premium revenue will be adjusted by the 2023 Risk Adjustment transfer, currently estimated as a payment of \$18 pmpm. Any variations from the estimates for the federal risk adjustment will not be known until the summer of 2024 and could significantly impact financial results.

Key Assumptions

The annual cost trends used in developing the 2025 rates:

- Medical : 8.8%
- Rx : 11.0%
- Medical and Rx Blended: 9.4%

To determine projected trend for the rating period, Regence BlueShield of Idaho analyzed the individual components of trend - change in reimbursement, utilization, mix and intensity, and leverage. High Rx cost trends are driven by the increased prevalence of specialty drugs in the market, new specialty drugs expected to be introduced, the high cost per specialty prescription, and the lack of low cost substitutes for these drugs. Blended trend is calculated by weighting Medical and Rx trends based on their relative contribution to claims in the experience period.

The 2025 rates are made up of the following components:

- Claims: 80.6%
- Administrative Costs: 8.3%
- Federal taxes and fees: 0.5%
- State taxes and fees: 4.1%
- Commissions: 2.7%
- Vendor Fees: 0.8%
- Contribution to surplus, profit, and risk margin: 3.0%

Claims costs represent estimated incurred claims. They are net of BlueCard access fees, expected Rx rebates and risk adjustment transfer payments.