

## PART II RATE INCREASE JUSTIFICATION

St. Luke's Health Plan, Inc.  
Preliminary Rate Increase Justification for 2025  
Individual Health Benefit Plans

### RATE CHANGE

We estimate an overall average premium rate change of 2.7% for the 7,047 individual members enrolled with SLHP as of May 2024.

Rate changes are:

- uniform across regions within SLHP's service area
- +2.0% for the Expanded Bronze plan
- +1.8% for the Expanded Bronze HDHP plan
- +5.4% for the Silver plan
- +2.4% for the Gold plan

### MOST SIGNIFICANT FACTORS

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

- Rate changes due to projected experience, including SLHP partially credible claims experience, from the 2024 rate filing assumptions: -3.9%
- Rate changes due to Idaho's 1332 waiver program: -4.4%
- Medical and pharmacy cost trend: +7.4%
- Changes in projected demographic distribution: -0.7%
- Changes in projected risk adjustment: +4.5%
- Changes in retention: +0.3%

### FINANCIAL EXPERIENCE

St. Luke's Health Plan has partially credible 2023 financial experience offering Individual market products, which is one of the drivers of the rate change as mentioned above.

### KEY ASSUMPTIONS

The annual cost trends used in developing the 2025 rates:

- 2023 to 2024 Trend: 7.5% Medical and 5.6% Pharmacy
- 2024 to 2025 Trend: 5.7% Medical and 14.5% Pharmacy

The 2025 rates are made up of the following components:

- Claims: 101.9% of projected revenue
- Risk adjustment payment / (receipt): 3.4% of projected revenue
- Net market reinsurance payment / (receipt): -23.8% of projected revenue
- Administrative costs: 10.7% of projected revenue
- Federal taxes and fees: 0.1% of projected revenue
- State taxes and fees: 1.9% of projected revenue
- Exchange fees: 2.8% of projected revenue
- Commissions: 3.0% of projected revenue
- Contributions to surplus, profit, and risk margin: 0.0% of projected revenue