Part II Rate Increase Justification

St. Luke's Health Plan, Inc.

Preliminary Rate Increase Justification for 2027

Individual Health Benefit Plans

RATE CHANGE

We estimate an overall average premium rate change of 14.4% for the 20,385 individual members enrolled with St. Luke's Health Plan, Inc. (SLHP) as of March 2026.

Rate changes are:

- +15.2% for the Expanded Bronze plan
- +19.1% for the Expanded Bronze HDHP plan
- +9.7% for the Silver 5800 plan
- +13.0% for the Gold plan
- +13.6% in Rating Areas 3 and 4
- +16.0% in Rating Area 5

MOST SIGNIFICANT FACTORS

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

- Changes in experience and demographics, based on SLHP's fully credible claims experience: +1.8%
- Changes due to Idaho's 1332 waiver program: +2.6%
- Medical and pharmacy cost trend: +5.3%
- Changes in projected risk adjustment: +1.7%
- Changes in retention: +1.7%
- Changes in plan designs: +2.4%
- Changes in morbidity due to the expiration of enhanced premium subsidies at the end of 2025: -1.8%

FINANCIAL EXPERIENCE

SLHP's 2025 Net Medical Loss Ratio (MLR) was 98.0% as shown in Worksheet 2, Section II of the URRT.

- Allowed Claims: $83,016,050
- Net market reinsurance payment / (receipt): -$9,960,684
- Incurred Claims: $54,158,462
- Risk adjustment payment / (payment): -$3,695,655
- Premium: $58,963,659
- Member Months: 142,536

KEY ASSUMPTIONS

The annual cost trends used in developing the 2027 rates:

- 2025 to 2026 Trend: 3.9% Medical and 12.8% Pharmacy
- 2026 to 2027 Trend: 3.8% Medical and 12.7% Pharmacy

The 2027 rates are made up of the following components:

- Claims: 91.9% of projected revenue
- Risk adjustment payment / (payment): 6.8% of projected revenue
- Net market reinsurance payment / (receipt): -17.5% of projected revenue
- Administrative costs: 11.7% of projected revenue

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- Federal taxes and fees: 0.1% of projected revenue
- State taxes and fees: 1.9% of projected revenue
- Exchange fees: 2.5% of projected revenue
- Commissions: 2.6% of projected revenue
- Contributions to surplus, profit, and risk margin: 0.0% of projected revenue