

**Blue Cross of Idaho Health Services, Inc.**  
**Preliminary Rate Increase Justification for 2023**  
**Individual Health Benefit Plans**

**Scope and Range of the Rate Increase**

The filed overall average rate change for January 1, 2023, is 0.0%. 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 those enrolled from January to March of 2022 will range between -7.8% and 5.9% including the impact of benefit and cost sharing changes.

Rate changes will vary by metal level:

Metal Level	Average Rate Increase
Gold	1.3%
Silver	-0.6%
Bronze	0.1%
Catastrophic	1.3%

Average increases also vary by rating area:

Rating Area	Average Rate Increase
1	-1.7%
2	-2.2%
3	4.0%
4	-5.0%
5	4.9%
6	-2.0%

**Most Significant Factors**

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

Allowed Claims Expense:	7.70%
Paid to Allowed Ratio:	-0.10%
State Based Reinsurance	-9.00%
Risk Adjustment:	4.20%
Administrative Expenses:	-0.20%
Taxes and Fees:	0.20%
Calibration	-2.00%

**Summary of Historical Experience**

Financial results for the base experience period of January 1, 2021 to December 31, 2021 are estimated to be as follows:

Item	Amount	% of Revenue
Total Premium (net of MLR rebate)	\$191,623,511	100.0%
Total Paid Claims	\$133,471,826	69.7%
Risk Adjustment Receipt/(Payment)	-\$11,501,682	6.0%
Administrative Costs	\$21,505,869	11.3%
Taxes and Fees	\$6,815,782	3.6%
Profit	\$29,561,087	9.4%

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 2023 rates:

- Medical: 7.5%
- Drug: 10.0%

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 2023 rates are made up of the following components:

- |   |                            |
|---|----------------------------|
| • Medical claims:                                   | 75.9% of projected revenue |
| • Risk Adjustment Transfer (payment):               | 3.9% of projected revenue  |
| • Administrative costs:                             | 11.9% of projected revenue |
| • Commissions:                                      | 2.5% of projected revenue  |
| • Federal Taxes and Fees:                           | 2.2% of projected revenue  |
| • State Taxes and Fees:                             | 1.5% of projected revenue  |
| • Contribution to surplus, profit, and risk margin: | 2.0% of projected revenue  |