



## **General Information**

1. Company Legal Name: Arizona Complete Health
2. State: Arizona
3. NAIC #: 95206
4. HIOS Issuer ID: 91450
5. Market: Individual
6. Effective Date: Individuals enrolling January 1, 2026 – December 31, 2026
7. Product Names: Ambetter, Ambetter + Vision + Adult Dental

## **Part II: Justification for Proposed Rate Increase**

### **Scope and Range of the Rate Increase**

Arizona Complete Health (AZCH) currently provides health care coverage for over 112,000 members enrolled in our Ambetter plans. Premium rates are expected to increase on average by 49.0% for members on renewing plans, effective January 1, 2026. Annual rate changes may range between 36.8% and 57.1%, depending on what county current enrollees reside in and their current plan selection. Variations are primarily driven by underlying cost differences between different plan designs and regional cost trends. Note that these rate changes do not reflect any additional increases in a member's calculated premium driven by aging an additional year at the point of renewal.

### **Financial Experience of the Product**

AZCH incurred \$390,268,460 in estimated paid claims costs, gross of an estimated risk transfer receivable of \$34,185,971 from the federal risk adjustment program in 2024. AZCH collected \$422,557,123 in premium revenue, resulting in an estimated loss ratio of 84.3% inclusive of federal risk transfer payments for 2024.

### **Changes in Medical Service Costs**

Medical service costs are projected to increase at an annualized rate of 6.4% due to medical inflation, expected changes in contracted reimbursement rates to providers, and increased utilization of health care services. Other factors related to expected changes in the demographics of AZCH's population and overall population health are expected to drive additional increases in medical costs. Emerging trends that indicate the overall health of the insurance pool is

worsening, in addition to the expectation that these trends worsen through 2026 when federal enhanced premium subsidies (eAPTCs) expire is a key driver for the proposed rate increase.

### **Changes in Benefits**

Benefit changes are not a material contributor to the proposed rate change.

### **Administrative Costs and Anticipated Margins**

AZCH anticipates administrative costs to increase by \$11 per member per month compared to what was assumed for 2025 rates. Taxes and fees are expected to increase as a percentage of premium by 1.0%. The target profit margin for 2026 is set to 3.95% of premium, remaining the same as what was set for 2025 rates.