

Insurer's Explanation of Rate Increase

Baylor Scott & White Health Plan (BSWHP) has prepared the following written explanation of this increase.

Part II-Preliminary Justification

Scope and range of the rate increase

Baylor Scott & White Health Plan (BSWHP) is requesting an average annual rate increase of 23.71% to HMO products on the Individual Health Insurance Single Risk Pool effective on 01-01-2026.

Financial experience of the product

Forecasted claims experience for the projection period are expected to increase slightly, facilitating the adjustment to future premium rates.

Changes in Medical Service Costs

BSWHP used an assumption of 6.5 percent for medical inflation. Unit cost of medical benefits is expected to increase, and utilization of medical services is expected to increase, resulting in unfavorable costs for BSWHP. The remainder of the overall rate change is due to other factors such as changes in membership mix, changes in administrative costs, benefit changes, and changes in risk adjustment parameters.