

## Insurer's Explanation of Rate Increase

**Baylor Scott & White Insurance Company (BSWIC) has prepared the following written explanation of this increase.**

### Part II-Preliminary Justification

#### **Scope and range of the rate increase**

Baylor Scott & White Insurance Company (BSWIC) is requesting an average annual rate action of 19.55% to EPO 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 decrease, facilitating the adjustment to future premium rates.

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

BSWIC used an assumption of 8.2 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 BSWIC. 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.