

Summary

This rate action is proposed for all BlueOptions and BlueSelect products that are fully compliant with the Patient Protection and Affordable Care Act (PPACA).

- The proposed rate increase will have varying impacts on individuals, with some experiencing increases above 15%.
- The product's historical financial performance has been closely monitored, and the proposed rate increase is intended to ensure that the product's financial experience remains stable and compliant with regulatory requirements. The rate increase is expected to support a Medical Loss Ratio (MLR) that meets or exceeds the 80% requirement for Individual business, as mandated by the Affordable Care Act (ACA). This means that a significant portion of premium revenue will be dedicated to paying for medical care and quality improvement activities, with any excess premiums potentially subject to rebate requirements.

The proposed rate action is due to the following reasons:

- Market Risk (Expiration of American Rescue Package (ARP) and implementation of Market Integrity Ruling)
 - A morbidity adjustment factor that is included to reflect an anticipated worsening of claims experience in 2026 from 2024 due to the Market Integrity Rule and the expiration of ARP.
 - Reduction in risk transfer due to deteriorating market risk.
 - Increased Exchange User Fee (EUF) solely due to expiration of ARP, per Notice of Benefit and Payment Parameters.
- Market Size
 - Blue Cross and Blue Shield of Florida, Inc. projects the Individual Under 65 market size to be smaller in 2026 than in 2025.
- Medical Inflation (Trend)
 - Medical Trend: Combined effect of medical provider price increases, utilization changes, medical cost shifting, specialty pharmacy, and new medical procedures and technology.
 - Insurance Trend: Impact of leveraging on plans with fixed dollar cost shares.
- Prospective changes to covered benefits
 - Coverage for Essential Health Benefits not reflected in the base experience data: US Preventive Services Task Force (USPSTF) and other mandated changes.
- Risk Adjustment Transfer
 - Changes in 2026 to the CMS Risk Adjustment coefficients.
- Taxes and Fees
 - Change in the Risk Adjustment User Fee to \$0.20 PMPM from \$0.18 PMPM.
 - Change in the Patient-Centered Outcomes Research Institute (PCORI) fee estimated at \$0.31 PMPM.
 - Change in the Exchange User Fee (EUF) from 1.5% to 2.5%.