

Part II: Justification for Proposed Rate Increase

BlueCross BlueShield of Texas

Individual Rate Filing

Effective January 1, 2026

Scope, Range, and Best Estimate of the Rate Increase

Blue Cross and Blue Shield of Texas (BCBSTX) is filing new rates to be effective January 1, 2026, for its Individual ACA metallic coverage. As measured in the Unified Rate Review Template (URRT), the range of rate changes for these plans is 8.9% to 64.7%. The following are the average rate increases by product:

Product	Rate Increase
Blue Advantage HMO	39.4%
Blue Advantage Plus POS	38.4%

Changes in allowable rating factors, such as age, geographical area, or tobacco use, may also impact the premium amount for the coverage.

There are currently 1,082,299 members on Individual Affordable Care Act (ACA) plans that may be affected by these proposed rates.

Financial Experience of the Product

Consistent with the filed URRT, earned premiums for all non-grandfathered Individual plans during calendar year 2024 were \$8,880,222,618 and total claims incurred were \$8,024,675,520.

The proposed rates effective January 1, 2026 are expected to achieve the loss ratio assumed in the rate development.

Changes in Medical Service Costs

The proposed rates reflect expected change in year over year medical service and prescription drug costs, which includes changes in reimbursement rates to providers, changes in expected utilization of services, the mix and intensity of services, and the introduction of new procedures and technologies.

Changes in Benefits

There are no legally required changes to covered benefits and no significant changes to the benefit structure. Cost-sharing changes were made within these products allowing plans to maintain their metal status, which can contribute to the change in rates.

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Administrative Costs and Anticipated Margins

The Affordable Care Act expects health plans in the individual market to spend at least 80% of each premium dollar they collect to pay for medical care and activities that improve health care quality for members. If health plans fail to spend at least 80% on medical claims and health care quality initiatives, they are required to give back money to consumers through a premium rebate. These rates assume BCBSTX will once again exceed the 80% threshold.