1. GENERAL INFORMATION

Insurance Company Name	CHC
NAIC Company Code	95383
HIOS Issuer ID	76589
State	Texas
Market Type	Individual
Proposed Effective Date	01/01/2026
Primary Contact Person and Title	
Primary Contact Telephone Number	
Primary Contact Email	

Scope and Purpose of Filing: CHC is filing rates for comprehensive major medical product 76589TX001 for individuals & families, to be effective January 1, 2026. The plans represented in this filing will be Guaranteed Issue & Guaranteed Renewable and are to be marketed through HealthCare.gov, brokers, general agents, and directly to consumers as described in the policy form. These plans are attached to product that has been submitted under policy form filing INDHMOTX01-2026. This policy form is not subject to medical underwriting. Please note that the content of this filing is intended to be reviewed by an actuary.

2. PROPOSED RATE CHANGES

The proposed weighted average annual rate change by product, without the impact of aging, is provided below. It was calculated using enrollment data as of 3/31/2025.

2026 HIOS Product ID	76589TX001
Proposed Rate Change	

The following factors are the main drivers of the proposed rate change:

3. EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

a. **Paid Through Date:** March 31, 2025
b. **Premiums (Net of MLR Rebate) in Experience Period:**
   i. Prior to MLR Rebates:
   ii. Expected MLR Rebates:
   iii. Net of MLR Rebates:

c. **Allowed & Incurred Claims:**
All claims are processed through Cigna Healthcare of TX's claim system. Allowed claims shown below represent the sum of payments made under the policy to healthcare providers.

IBNR claims are calculated using completion factors, which represent the known paid claims as a percent of the estimated total accrual as of a particular lag period after a service month. Completion factors for a given reporting period are developed based on historical run-out patterns for national Individual experience, adjusted for actuarial judgment regarding deviance from the average (within a reasonable range based on historical deviance). The methodology used to calculate IBNR does not differ for allowed claims versus incurred claims.

Allowed and incurred claims in the experience period are as follows:

4. BENEFIT CATEGORIES

To determine benefit categories, Cigna Healthcare of TX uses a combination of Procedure Code and Place of Service to categorize each claim under an appropriate Major Service Category. These categories are defined as follows:

- Inpatient Hospital: Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.
- Outpatient Hospital: Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.
- Professional: Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, & other professional services, except hospital-based professionals whose payments are included in facility fees.
- Other Medical: Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services and other services.
- Prescription Drug: Includes drugs dispensed by a pharmacy, net of rebates received from drug manufacturers.

5. TREND FACTORS

The expected all-in annual medical cost trend is

Our trend methodology is prospective and develops unit cost trends for specific geographic groupings of zip codes in Texas based on known and planned reimbursement contracts. In order to set the prospective unit cost trend, historical experience is used to aggregate the facility level reimbursement contracts into the higher-level geographic groupings. In order to determine prospective utilization trends, we look at utilization trends retrospectively by major service category on a national basis. These retrospective utilization patterns are examined and coupled with other macroeconomic forces that are expected to change in the future at the market level in order to develop the prospective utilization trend.

6. ADJUSTMENTS TO TRENDED EHB ALLOWED CLAIMS PMPM

- Changes in the Morbidity of the Population Insured: Experience was adjusted to account for expected morbidity differences between the underlying experience population and the projected 2026 population. The morbidity adjustment factor accounts for morbidity drivers specific to Cigna Healthcare of TX's single risk pool, including the membership distribution by metal tier, cost-share reduction subsidy status, and network type, as well as anticipated new membership from transitional policies.
- Demographic Shift: An adjustment was made to account for the change in distribution by age and gender between the 2024 underlying experience and the expected 2026 membership. The adjustment factor was developed as the ratio of the membership-weighted average demographic factor using 2026 projected membership, and a similar factor computed using the 2024 actual membership. An area adjustment was also made to reflect differences between the distribution of membership across rating areas in our experience population and our 2026 projected population.
- Plan Design Changes: The experience underlying the Projected Index Rate development represents a different distribution amongst metal tiers and CSR variants than is projected for Cigna Healthcare of TX in 2026. Utilization patterns differ between plan designs due to the differences in induced demand, which is an allowable rating factor under the ACA. Therefore, an adjustment is made to account for the induced demand differences between the underlying and the projected populations.
- Other Adjustments: An adjustment was made to reflect anticipated changes in provider contracts that differ from those underlying the experience used.

7. MANUAL RATE ADJUSTMENTS

a. Source & Appropriateness of Experience Data used in Developing the Manual Rate

The source data used to generate the Manual Rate is trended national individual experience adjusted for state- and market-specific differences. The adjustments to the baseline data are addressed below.

b. Adjustments made to the Data

The following adjustments were made during the development of the Manual Rate to account for differences between the source data and characteristics of the anticipated population in the Individual Market for the proposed period:

- Morbidity Load – A [redacted] load was added to the manual rate to account for the difference in morbidity risk of the population underlying the manual rate and the anticipated population in Cigna Healthcare of TX in 2026. Cigna Healthcare of TX relied on full-year 2024 allowed claims and enrollment data for the Individual market. The morbidity load comprehends the following components:
    - Overall health status in the Individual market – The average morbidity in the Individual market is driven by external factors such as the elimination of the individual mandate, continued uncertainty in the individual market, and the presence or absence of transitional policies. All such factors are included in the morbidity load.
    - Membership distribution by metal tier and CSR plan – In the Individual market, individuals tend to select plans that best meet their health needs. Riskier individuals tend to choose plans with lower member cost-share. Additionally, individuals receiving CSR subsidies exhibit different utilization patterns due to differences in income and cost-share. The expected membership distribution by metal tier and CSR plan therefore impacts the overall expected morbidity in the single risk pool. This adjustment is applied to the index rate only and no plan-specific adjustments are made to account for anticipated differences in health status of enrollees across plans.
- Demographic Adjustment – The experience underlying the Manual Rate development does not conform to the 3:1 age slope as prescribed by the ACA. Hence, an adjustment was made to reflect the impact of compression of age slopes as well as to account for the different distribution by age in the 2026 individual market than the distribution by age reflected in the data underlying the Manual Rate.
- Portfolio Adjustment – The experience underlying the Manual Rate development represents a different distribution amongst metal tiers and CSR variants than is projected for Cigna Healthcare of TX in 2026. Utilization patterns differ between plan designs due to the differences in induced demand, which is an allowable rating factor under the ACA. Therefore, an adjustment is made to account for the induced demand differences between the underlying and the projected populations.
- Network Savings – Cigna Healthcare of TX's underlying network for its proposed plans in this filing is different from the network underlying the experience used in deriving the Manual Rate. The estimated unit cost of the provider network varies by geographic region, but are incorporated into the Manual Rate based on assumed enrollment by region as an average [redacted] for 2026. The level of network savings is driven by the contractual arrangement between the health care providers and Cigna Healthcare of TX, and assumes certain capacity limitations for the providers; as such, significantly higher than expected volumes, carrier exits, etc. may require network reconstruction that may lead to a significant impairment in the adequacy of the rates developed herein.
- Pharmacy Formulary Savings – Pharmacy claim cost experience used in the development of the Manual Rate is based on national individual experience. This experience is representative of several formularies, including the formulary associated with Cigna Healthcare of TX's Individual product in Texas. An adjustment of [redacted] to reflect the associated formulary, was applied on pharmacy claim costs compared to the Manual Rate.

c. Inclusion of Capitation Payments

There are no services provided under a capitation arrangement for plans included in this filing.

8. CREDIBILITY OF EXPERIENCE

Limited fluctuation credibility was used to determine the credibility assigned to the 2024 single risk pool experience. 2024 exposure of [redacted] member months was assigned 100% credibility. Therefore, the credibility assigned to 2024 single risk pool experience was [redacted].

9. ESTABLISHING THE INDEX RATE

The Index Rate of the Experience Period for this filing is ██████. The Index Rate of the Experience Period in Section I, Worksheet 1 of the URRT represents the total combined 2024 allowed claims experience PMPM attributable to Essential Health Benefits in the single risk pool.

The Index Rate for the Projection Period for this filing is ██████ and was developed in accordance with 45 CFR Part 156.80(d). The Index Rate for the Projection Period identified in Section II, Worksheet 1 of the URRT is a representation of the Expected Allowed Claims for 2026 attributable to Essential Health Benefits, and incorporates the impact of trend, benefit, morbidity, and demographic adjustments as outlined in Sections 5, 6 and 8 of this document. Refer to Section 8 of this document for additional information regarding the credibility attributed to single risk pool experience in the development of the Index Rate for the Projection Period. There are no benefits in addition to EHBs that are being covered under the proposed plans in 2026. No consideration is granted to the expected impact of specific eligibility categories for catastrophic plans because these plans are not being proposed in this filing.

10. DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

The Market-wide Adjusted Index Rate for this filing is ██████. The Market-wide Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules, 45 CFR Part 156.80 (d)(1). The following market-wide adjustments have been made to the Index Rate, as allowed under these rules:

a. Reinsurance

The reinsurance program ended with the 2016 benefit year. Consequently, no reinsurance recoveries have been applied to the Index Rate in the development of the Market-wide Adjusted Index Rate and the Plan Adjusted Index Rate.

b. Risk Adjustment Payment/Charge

███

c. Exchange User Fees

Exchange User Fees are applied as an adjustment to the index rate at the market level. The ██████ Exchange User Fee is blended based on expected member distribution on and off exchange, resulting in an expected fee of ██████.

The Market-wide Adjusted Index Rate reflects the average demographic characteristics of the single risk pool and is not calibrated.

11. PLAN ADJUSTED INDEX RATE

Only the following allowable modifiers (as specified in 45 CFR 156.80(d)) have been used to adjust the Market-Wide Adjusted Index Rate to arrive at the Plan Adjusted Index Rates:

- Plan-specific actuarial value and cost sharing adjustments
- Administrative costs, excluding the Exchange User Fees which area already accounted for in the Market-wide Adjusted Index Rate
- Impact of Provider Network, Delivery System and UM changes

The adjustment impact of specific eligibility categories for the catastrophic plan is not applicable since Cigna Healthcare of TX does not plan to offer catastrophic plans in 2026.

Note that the AV and cost-sharing adjustment encompasses expected cost-sharing differences and utilization differences due to differences in cost-sharing.

The estimated CSRs paid for enrollees in 2024 totaled █████. The expected revenue collected from CSRs provided to enrollees in 2026 is █████. These estimates are calculated using expected premium and actuarial value.

The expected cost-sharing ratio for each benefit plan is calculated by using 2024 claims and enrollment data from the Individual market (trended to the proposed filing period) to develop a claims probability distribution (CPD). This CPD is then used to estimate member

cost-share vs. issuer cost-share for each benefit category and benefit plan. Note that for each Silver HIOS Component ID the expected cost-sharing ratio was calculated separately for the Base benefit plan as well as the benefit plans for each of the three CSR variant levels. A weighted average of the respective four different plan variant levels was calculated for each Silver HIOS Component ID according to the projected membership distribution outlined in Section 17.

In addition to cost sharing differences, this adjustment also includes utilization differences due to differences in cost sharing. In evaluating adjustment for utilization changes, Cigna Healthcare of TX has used 2024 data to develop a relationship between historical utilization and corresponding metal tier or CSR plan variant. This adjustment is consistent with the description on page 41 of the 2026 Unified Rate Review Instructions. There are no explicit and/or additional adjustments used in our rate development process that reflect expected differences in utilization due to health status.

12. CALIBRATION

Cigna Healthcare of TX calibrates the Plan Adjusted Index Rates to apply the allowable rating factors (age, geography, and tobacco) in order to calculate Consumer Adjusted Premium Rates. The calibration for each allowable rating factor is described below.

a. Age Curve Calibration

The weighted average age factor for the projected membership was calculated using the updated Default Federal Standard Age Curve defined in the addendum to 45 CFR 147.102(d). The average age associated with this projected membership (rounded to the nearest whole number) is [redacted]. This single risk pool average age was determined using a blend of the current 2024 age distribution in the single risk pool and 2024 industry-wide enrollment data released by CMS. The Plan Adjusted Index Rate was divided by the weighted average age factor mentioned above, to arrive at the calibrated Plan Adjusted Index Rate for a 21 year old. A demonstration of how the Plan Adjusted Index Rate and the age curve were used to generate the calibrated Plan Adjusted Index Rate for each plan is provided below.

b. Geographic Factor Calibration

Rate variations among geographical areas vary only by the geographic rating regions defined by the federal government. Area factors reflect only differences in the cost of the delivery of medical services among rating areas for a standard population and fixed market basket of covered services. The following table shows the geographic factors for each defined area in Texas:

[redacted]

An average geographic factor is developed based on the projected distribution of membership across all areas. Then the calibrated Plan Adjusted Index Rate is calculated as Plan Adjusted Index Rate divided by this weighted average geographic factor.

c. Tobacco Use Rating Factor Calibration

[redacted]

A demonstration of calibration for the Plan Adjusted Index Rate is provided in the table below.

[redacted]

* The Plan Adjusted Index Rate represents average premium for the projected single risk pool at the unrounded average age, weighted using the best-estimate Default Federal Standard Age Curve factors. Linear interpolation between integer Default Federal Standard Age Curve factors was used in the development of the Demographic Calibration factor.

13. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

Consumer Adjusted Premium Rate is developed by applying the following allowable adjustments to the calibrated Plan Adjusted Index Rate.

- Individual and family tier – applied by summing the premiums for each individual family member, provided at most three child dependents under age 21 are taken into account
- Rating area factor – applied by multiplying the area factors to the calibrated Plan Adjusted Index Rate
- Age factor – applied by multiplying the age factor to the calibrated Plan Adjusted Index Rate
- Tobacco status – applied by multiplying the tobacco factor to the calibrated Plan Adjusted Index Rate

14. PROJECTED LOSS RATIO

The projected 2026 PPACA MLR, without adjustment for credibility, for Cigna Healthcare of TX's individual products is [redacted].

A demonstration of the projected MLR calculation is illustrated below:

[redacted]

15. AV METAL VALUES

[redacted]

16. MEMBERSHIP PROJECTIONS

The membership projections for Cigna Healthcare of TX's benefit plans are developed internally as best estimates. They were derived from Cigna Healthcare of TX 2025 open enrollment experience and assumed channel growth in Cigna Healthcare of TX. Active membership splits were used to develop projections by exchange indicator and metal tiers, together with growth assumptions by channel. The projected distribution of member months represents our expectation of the industry average distribution of enrollment by age for the Individual Market for 2025. [redacted]

17. TERMINATED PLANS AND PRODUCTS

The table below shows the plan mapping for terminating plans to new or existing plans going from 2024 to 2026.

[redacted]

18. CONDITION SPECIFIC PLAN EXEMPTION JUSTIFICATION

[redacted]

19. PLAN TYPE

The plan types as inputted in Section I, Worksheet 2 of the URRT accurately describe the plans in this filing.

20. EFFECTIVE RATE REVIEW INFORMATION

a. Financial Information

[redacted]

b. Rating Information

To see the proposed rate manual by age, area and smoking status please reference the accompanying QHP Rates Table Template. For additional rating rules used in deriving the premium please refer to the accompanying Business Rules Template.

A description of the benefits for all plans proposed in this filing is shown in the accompanying Plans Benefits Template.

Please note that Cigna Healthcare of TX shall satisfy the requirement to offer coverage for all essential health benefits off-exchange by providing all applicants both a medical policy that does not include a pediatric dental benefit, and a standalone exchange-certified pediatric dental policy.

c. Other

Cigna Healthcare of TX's anticipated loss ratio (without ACA adjustments) for the proposed plans in this filing is

21. RELIANCE

I have relied on data and analysis provided by in developing the proposed premium rates and in preparing the Part 1 Unified Rate Review Template submission. I have also relied on claim, premium, enrollment, and risk score data supplied by . The data have been reviewed for reasonableness but have not been audited. In addition, I have relied on other internal and external sources, including , to develop the underlying assumptions used in the pricing methodology.

22. ACTUARIAL CERTIFICATION

I, of the Society of Actuaries and a Member of the American Academy of Actuaries. I certify, to the best of my knowledge and judgment, that:

a) The rates proposed in the above noted rate filing are
  - In compliance with all applicable State & Federal Statutes & Regulations (45 CFR 156.80(d)(1))
  - Developed in compliance with applicable Actuarial Standards of Practice, including but not limited to the following:
    - ASOP #5, Incurred Health & Disability Claims
    - ASOP #8, Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits
    - ASOP #12, Risk Classification (for All Practice Areas)
    - ASOP #23, Data Quality
    - ASOP #25, Credibility Procedures
    - ASOP #26, Compliance with Statutory & Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans
    - ASOP #41, Actuarial Communications
    - ASOP #50, Determining Minimum Value and Actuarial Value under the Affordable Care Act
  - Reasonable in relation to the benefits provided and the population anticipated to be covered

b) The Projected Index Rate presented in this filing is:
  a. In compliance with all applicable state and Federal statutes and regulations in 45 CFR 156.80(d)(1)
  b. Developed in compliance with the applicable Actuarial Standards of Practice
  c. Reasonable in relation to the benefits provided and the population anticipated to be covered
  d. Neither excessive nor deficient

c) Plan level rates were generated using only the index rate and allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2)

d) The geographic rating factors reflect only differences in the costs of delivery, including unit cost and provider practice pattern differences, and do not include differences for population morbidity by geographic area.

e) The AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I URRT for all plans, save the exceptions shown in Section 16, which are further explained in the accompanying actuarial certification "76589_tx_updj_06.13.2025".

The URRT does not demonstrate the process used to develop the rates presented in this filing. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally-facilitated Exchanges, and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.