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WISCONSIN ACTUARIAL MEMORANDUM

MERCYCARE HMO, INC.

INDIVIDUAL RATE FILING

JANUARY 1, 2026

LIST OF APPENDICES

1. GENERAL INFORMATION

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been engaged to assist MercyCare HMO, Inc. (MercyCare) in the development and pricing of its non-grandfathered, non-Medicare products that are proposed to be offered on and off the Exchange in the Individual ACA market in the State of Wisconsin effective January 1, 2026. This filing is for a rate change to an existing product. The benefits and rate development structure for Individual policies are intended to comply with the requirements as outlined in the Affordable Care Act (ACA) and corresponding regulations, as well as applicable Wisconsin state law. The adjustments underlying the rate development and pricing were completed prior to the finalization of the Program Integrity Rule on June 20th, 2025. This filing assumes cost sharing reductions payments are not federally funded in 2026, consistent with 2025. This filing assumes enhanced premium tax credits (EPTCs) expire at the end of 2025. Oliver Wyman has prepared this actuarial memorandum on behalf of MercyCare.

1.1. Company Identifying Information

Below is a summary of company identifying and contact information:

Company Legal Name	MercyCare HMO, Inc.
State	Wisconsin
HIOS Issuer ID	58326
NAIC Number	12195
Market	Individual
Effective Date	January 1, 2026
SERFF ID	MCIN-134453640

1.2. Company Contact Information

Below is a summary of contact information:

Primary Contact Name	[redacted]	
Primary Contact Number		
Primary Contact Email Address		

1.3. Description of Benefits

MercyCare will offer ten major medical plans under the Individual ACA product in 2026. The plan offerings include two gold plans, six silver plans, and two bronze plans. None of the 2026 plan offerings include embedded pediatric dental coverage. All plans provide coverage for all essential health benefits (EHBs) included in the Wisconsin EHB benchmark package. No EHB substitutions were made. Preventive services are covered with zero cost sharing, as required by law.

2. SCOPE AND PURPOSE, PROPOSED RATE CHANGE(S)

2.1. Scope and Purpose

The purpose of this actuarial memorandum is to demonstrate that the proposed rates included in this filing are reasonable in relationship to the benefits provided and meet all rating requirements of the applicable laws and regulations in the State of Wisconsin, as well as comply with the applicable requirements of the ACA and all related regulations. All assumptions and methods used to calculate the proposed rates are presented within this memorandum. The intended audience for this document is the Wisconsin Office of the Commissioner of Insurance (the OCI). This document is not intended for any other purpose.

This filing is a rate change filing. There were no significant changes to member cost sharing beyond modified deductibles and out-of-pocket maximums and no changes to MercyCare's service area. The rating factor changes are to base rates only. The following table illustrates the minimum, maximum, and average premium rate changes by product using the current distribution of members in renewing plans, per the URRT calculations.

Individual HMO Product	Composite Change	Minimum Change	Maximum Change
Change to Plan Base Rates	6.6%	3.6%	7.8%
Change to Geographic Rating	0.0%	0.0%	0.0%
Change to Tobacco Use	0.0%	0.0%	0.0%
Overall Rate Change	6.6%	3.6%	7.8%

Premium rate changes by plan are shown in the following table and demonstrate the change in 21-year-old rates.

2026 HIOS ID	Rate Change
58326WI0090021	7.6%
58326WI0090013	3.6%
58326WI0090022	7.1%
58326WI0090002	7.5%
58326WI0090016	7.8%
58326WI0090023	6.1%
58326WI0090024	5.6%
58326WI0090026	N/A
58326WI0090025	N/A
58326WI0090027	N/A

[redacted]

[redacted]

2.2. Reason for Rate Change

Some of the primary factors driving the rate change are [redacted]

2.3. Reinsurance Impact

The overall rate change assuming 100% payment of reinsurance-eligible claims is 6.6%.

If we were to assume 0% payment of reinsurance-eligible claims, we estimate the overall rate change would need to be approximately [redacted]

The rate impact when assuming no WIHSP program [redacted] was estimated using a pricing model with assumptions and methodology identical to the assumptions and methodology described in this Memorandum, with the exception that 0% payment of reinsurance-eligible claims was assumed and the statewide average premium used for calculating risk transfer amounts was assumed to be approximately [redacted].

The increase in premium between the WIHSP program scenario and the no WIHSP program is approximately [redacted]. The portion attributable to reinsurance eligible claims is approximately [redacted]; the impact due to increased risk transfer payments (due to higher statewide average premiums) is approximately [redacted]. [redacted].

The majority of non-benefit expenses are applied as a flat percent of premium across all plans. By replicating the methodology described in this Memorandum, the impact of variable non-benefit expenses was accounted for. If the portion of fixed administration expenses were in fact variable, the [redacted] rate impact assuming no WIHSP program would increase by [redacted].

[redacted]

[redacted]

2.4. Provider Networks

The Individual ACA product utilizes the Mercyhealth hospital and provider network. MercyCare only has one provider network that will be used for all plans within this product. Further, the same level of care management will be employed across all plans. There is no current maximum number of insureds which the product wouldn't be able to effectively support.

2.5. Prospective Trend

The annualized medical trend expected for the 12 months directly following the effective date of the filing is [redacted]. The annualized insurance trend expected for the 12 months directly following the effective date of the filing is [redacted].

3. EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS AND ENROLLMENT

3.1. Paid Through Date

The date through which claims were paid was March 31, 2025.

3.2. Current Date

The current enrollment and premium reflect current enrollment as of March 31, 2025.

3.3. Experience Period Earned Premium

The MercyCare Individual ACA earned premium for 2024 was $29,255,343. The source of earned premium for 2024 is MercyCare's billing system.

3.4. Allowed and Incurred Claims in the Experience Period

Allowed and incurred claim amounts were extracted directly from MercyCare's claims system.

Incurred but not paid (IBNP) amounts were developed based on a set of completion factors provided by MercyCare. It is our understanding that the completion factors that were provided were developed based on a review of MercyCare's recent historical claim payment completion patterns. The same set of completion factors was applied to both allowed and incurred claims.

A summary of the claims incurred during this period and paid through March 31, 2025, as well as an estimate of the IBNP claims for these dates of service is below:

	From Issuer's Claims System	Outside Issuer's Claims System	Incurred But Not Paid (IBNP)	Est. 2024 Total
Medical				
Allowed				$37,932,778
Incurred				$31,808,496
Pharmacy				
Allowed				$4,258,694
Incurred				$4,004,983
Member Months				

Please note, the incurred claims shown on Worksheet 1 of the URRT are net of reinsurance recoveries. The incurred claims above have not been adjusted for reinsurance recoveries.

4. BENEFIT CATEGORIES

Various characteristics of the claim records underlying the actual experience were used to allocate costs to the service categories shown in Worksheet 1 of the URRT. These characteristics included place of service, provider type, revenue codes, procedure codes, etc. The definitions used to classify each claim into the applicable benefit category are consistent with the preferred definitions in the URRT instructions.

Inpatient

Inpatient hospital claims are claims associated with an inpatient facility stay. These reflect medical, surgical, maternity, mental health, substance abuse and skilled nursing facilities. The number of days was counted for each admission and is the unit of utilization shown in Worksheet 1 of the URRT.

Outpatient

Outpatient hospital claims are claims associated with outpatient facility services (rather than visits, for example). These include emergency room services and facility costs for surgeries, lab and radiology services, therapies, etc. The number of total services was counted and is the unit of utilization shown in Worksheet 1 of the URRT.

Professional

Professional claims are claims associated with primary care, specialists, therapy, the professional component of lab and radiology and other professional services. Procedure codes and provider types are used to allocate these claims. The number of total services was counted and is the unit of utilization shown in Worksheet 1 of the URRT.

Other Medical

Other medical claims are claims associated with ambulance, home health care, DME prosthetics, supplies, dental services, and other items. The number of total services was counted and is the unit of utilization shown in Worksheet 1 of the URRT.

Prescription Drugs

Prescription drugs include all drugs dispensed by a retail or mail-order pharmacy. The number of total scripts was counted and is the unit of utilization shown in Worksheet 1 of the URRT.

Capitation

All services provided under one or more capitated arrangements.

5. PROJECTION FACTORS

This section provides a description of each factor used to project the base period experience allowed claims to the projection period, and supporting information related to the development of those factors.

5.1. Trend Factors (cost/utilization)

The medical and pharmacy utilization annual trend rates used to project claim costs were developed based on an analysis of reputable industry trend reports. To perform this analysis, industry cost and utilization trends by service category (i.e., Facility Inpatient, Facility Outpatient, Professional, Other Medical Services, and Pharmacy) and in aggregate were gathered and reviewed. The sources utilized included the most recent versions of the CMS National Health Expenditures Analysis, Oliver Wyman Carrier Trend Report, and Segal Health Plan Cost Trend Survey Report.

The unit cost trends for facility, professional, and prescription drug services were provided by MercyCare based on recently observed trends and the anticipated changes in fee schedules between 2024 and 2026.

The calculated utilization and unit cost trends vary among the service categories. However, the estimated overall annual trends over the specified time period are below:

Utilization Trend: [redacted]
Unit Cost Trend: [redacted]

Service Category	Distribution of Allowed Costs	Utilization Trend	Unit Cost Trend	Total
Inpatient (including SNF)	[redacted]			
Outpatient				
Professional				
Other				
Drug				
Total				

5.2. Changes in the Morbidity of the Population Insured

A morbidity adjustment was applied to the base experience to reflect differences in the average morbidity of the population anticipated to be insured in MercyCare's Wisconsin Individual ACA product in 2026 and the average morbidity of the membership underlying the 2024 experience period.

[redacted]

[redacted]

[redacted]

Adjustment for Changes in Morbidity: [redacted]

5.3. Changes in Benefits

[redacted]

[1] https://datacatalog.urban.org/dataset/hipsm-estimated-impact-enhanced-ptc-expiration-coverage

[redacted]

5.4. Changes in Demographics

An adjustment was applied to claims to account for differences in the average age and gender between the population underlying the experience and the population expected to enroll in MercyCare's Wisconsin Individual ACA product in 2026. We assumed the demographic distribution of the population anticipated to enroll in MercyCare's Wisconsin Individual ACA product in 2026 would follow a similar distribution as the membership currently enrolled in MercyCare's Wisconsin Individual ACA product. Using age/gender factors developed from the Merative® MarketScan® Commercial Database (MarketScan),[2] we estimated the difference in average projected costs in MercyCare's Individual ACA product in 2026 relative to the experience period population due to demographic differences.

Average Age Underlying Experience: [redacted]
Average Age of Projected Population: [redacted]

Adjustment for Changes in Demographics: [redacted]

5.5. Other Adjustments

Additional adjustments that have been incorporated into the development of the projected base experience include the following:

[2] The MarketScan Commercial Claims and Encounters Database consists of employer and health plan-sourced data containing medical and drug data for several million individuals annually, encompassing employees, their spouses, and dependents who are covered by employer-sponsored private health insurance.

Rx Rebates

Prescription drug rebates are anticipated to [redacted] as a percentage of total prescription drug claims. [redacted]

Rx Rebates as a % of Total Paid Prescription Drug Claims 2024: [redacted]
Rx Rebates as a % of Total Paid Prescription Drug Claims 2026: [redacted]

Adjustment for Change in Rx Rebates: [redacted]

Large Claims

[redacted]

Adjustment for Large Claims: [redacted]

6. CREDIBILITY MANUAL RATE DEVELOPMENT

No manual rate was utilized in the development of this filing.

7. CREDIBILITY OF EXPERIENCE

Experience was assumed to be fully credible at [redacted] member months. This threshold was determined through the use of Limited Fluctuation Credibility Theory. Using this approach, a claim probability distribution model was first developed based on industry level claim distributions. The modeling took into consideration the impact the high-cost claim pooling that is part of the federal risk adjustment program has on claim volatility. Based on the claim probability distribution model, the application of Limited Fluctuation Credibility Theory, and a review of acceptable risk levels with MercyCare, it was determined that [redacted] member months of experience would be an appropriate credibility threshold such that the underlying experience would represent expected claims levels within [redacted] of the time.

Credibility was calculated using the following formula:

$$Crediblity = Min\left(\sqrt{\left(\frac{Experience\ MMs}{\text{[redacted]}}\right)}, 1\right)$$

Member Months Underlying Base Period Experience: 46,094

[redacted]

8. PAID-TO-ALLOWED RATIO

A paid-to-allowed ratio was developed for each plan and applied to the Market Adjusted Index Rate, which represents an allowed cost, to develop the expected paid cost.

The pricing AVs were derived by evaluating each plan design using Oliver Wyman's proprietary pricing model, which is based on over $109 billion in allowed claims for over 168 million member months and contains over 60 service categories by which cost sharing may be varied. The model also accommodates a wide variety of cost sharing provisions.

The model was calibrated to a level consistent with MercyCare's expected allowed cost in 2026. The same calibrated model was used to develop the pricing AVs for each plan so as not to reflect differences in the populations that may select each plan; all plans were assigned paid-to-allowed ratios assuming the underlying morbidity and demographics of the single risk pool. The resulting paid-to-allowed ratio for each plan represents the expected impact of each plan's cost sharing amounts on the claim payments to be made by MercyCare relative to the allowed claim costs. The overall average paid-to-allowed factor was calculated by weighting the paid-to-allowed ratio for each plan by the expected enrollment in each plan. Note, the average paid-to-allowed factor takes into account the nuanced benefit designs of each plan. In particular, the CSR plans at the silver level have paid-to-allowed ratios much higher than the standard silver AV of 0.7. The weighting to get to the overall average accounts for the distribution by plan, including membership expected to enroll in the CSR plans.

The table below demonstrates the average paid-to-allowed ratio by metal level.

Metal Level	2026 Projected Member Months	2026 Projected Paid Claims PMPM*	2026 Projected Allowed Claims PMPM*	Paid-to-allowed Ratio
Gold	[redacted]			
Silver				
Bronze				
Total				

*Before risk adjustment and reinsurance; paid claim costs PMPM for silver plans DO reflect the impact of CSRs being unfunded

9. RISK ADJUSTMENT AND REINSURANCE

9.1. Experience Period Risk Adjustment PMPM

The experience period risk adjustment PMPM is based on the 2024 total risk transfer payment estimate provided to MercyCare by OCI. It is our understanding that the risk transfer estimates provided by OCI were developed based on the final May 2025 RATEE files received from CMS by each of the Wisconsin issuers offering coverage in the Individual market.

Estimated 2024 Risk Transfer Receipt: [redacted]

9.2. Projected Risk Adjustments and WIHSP Reinsurance Recoveries PMPM Development

The table below shows the development of the anticipated 2026 risk transfer receipt based on the morbidity level being projected for MercyCare's Individual ACA membership. The estimate was calculated using the formula outlined in the HHS Notice of Benefit and Payment Parameters for 2026, as demonstrated quantitatively in the following table. (Note the table does not include the risk transfer program fee.)

		State	MercyCare
AV	Actuarial Value	[redacted]	
RS	Risk Score		
RF	Rating Factor		
IDF	Induced Demand Factor		
GCF	Geographic Cost Factor		
P	Average Premium		
	RS*IDF*GCF		
N1	Normalized (RS*IDF*GCF)		
	AV*RF*IDF*GCF		
N2	Normalized (AV*RF*IDF*GCF)		
	Transfer = State P x (N1 - N2) x 0.86		

An explanation of the various factors used in the calculation above is outlined below.

[3]Risk Adjustment Results 2024 WI OCI - May 2025 RATEE.xlsx

Note, the 2026 Plan Level Adjustment used to calculate the risk transfer payment on an allowed basis reflects the impact of unfunded CSRs.

9.3. Projected Risk Adjustment PMPM Allocation

Projected risk adjustment transfers have been allocated proportionately based on plan premiums for the plans within the single risk pool. This was accomplished by applying the risk adjustment transfer factor as a multiplicative adjustment in the development of the Market Adjusted Index Rate.

9.4. Projected WIHSP Reinsurance Recoveries

The projected WIHSP reinsurance recovery PMPM for 2026 was developed [redacted] The payment parameters that were assumed were an attachment point of $50,000, a reinsurance cap of $214,738, and a coinsurance rate of 50.00%.

Projected WIHSP Reinsurance Recovery: [redacted]

In developing the adjustment that was applied in the calculation of the Market Adjusted Index Rate, the calculated reinsurance recovery was divided by the projected 2026 average plan level adjustments, excluding the administrative expense load, to convert the payment to an allowed basis, and then divided by the projected Index Rate.

[redacted]

Projected reinsurance recoveries have been allocated proportionately based on plan premiums for the plans within the single risk pool. This was accomplished by applying the reinsurance recovery factor as a multiplicative adjustment in the development of the Market Adjusted Index Rate.

10. NON-BENEFIT EXPENSES AND PROFIT AND RISK

10.1. Administrative Expense Load

General administrative expenses were developed based on a review of budgeted administrative expenses and anticipated net private reinsurance costs. These expenses were loaded into the rates as a percent of premium across all plans.

General Administrative Expenses: [redacted]
Net Cost of Private Reinsurance Portion: [redacted]

10.2. Taxes and Fees

The Exchange User Fee for 2026 will be 2.50% of premium for those members purchasing coverage through the Exchange, per the 2026 Notice of Benefit and Payment Parameters final rule. Total fees are allocated across all members expected to enroll, both on and off-Exchange. In developing the adjustment that was applied in the calculation of the Market Adjusted Index Rate, the calculated Exchange User Fee amount was divided by the projected 2026 average plan level adjustments, excluding the administrative expense load, to convert the payment to an allowed basis, and then divided by the projected 2026 Index Rate.

[redacted]

[redacted]

Risk Adjustment User Fee: $0.20 PMPM
PCORI Fee: $0.32 PMPM

10.3. Contribution to Surplus and Risk Margin

MercyCare targets a [redacted] pre-tax contribution to surplus and risk margin on its Wisconsin Individual ACA product. This target is consistent across all plans. This is consistent with the prior rate filing.

11. PROJECTED LOSS RATIO

Projected Federal MLR

Below is a demonstration of the 2026 calculation for the projected Federal MLR for the Individual HMO product, showing the application of adjustments allowed under the ACA:

	Calculated Paid Claims PMPM	$ 788.15
	+ Reinsurance Recovery	[redacted]
	+ Risk Transfer Payment/Receipt	
	+ Quality Improve Expenses	
A	**= Total Adjusted Medical Expense**	**$ 672.04**
	Calculated Average Premium PMPM	$ 740.35
	- Risk Adjustment User Fee	[redacted]
	- PCORI Fee	
	- Exchange Fee	
	- Federal and State Income Taxes	
B	**= Total Adjusted Premium**	**$ 719.49**
= A / B	**Calculated Federal MLR**	**93.4%**

12. SINGLE RISK POOL

The single risk pool utilized in pricing MercyCare's Individual ACA product complies with the requirements of 45 CFR 156.80.

MercyCare does not have Individual transitional experience.

13. INDEX RATE

13.1. Index Rate Development

The experience period Index Rate represents the total combined allowed PMPM for the EHBs of all MercyCare's Individual ACA plans in Wisconsin in the base period. In 2024, this differed from the total allowed cost with allergy testing offered as a benefit in excess of EHBs.

Experience Period Index Rate: $915.24

The projection period Index Rate was determined by projecting forward the allowed costs for EHBs in the base period, using the adjustments discussed earlier. The projected Index Rate covers a 12-month period for individuals with effective dates of January 1, 2026 through December 31, 2026. The quantitative derivation of the Index Rate is illustrated in Appendix A.

The projected Index Rate differs slighty from the projected allowed costs as MercyCare will cover select non-EHBs in the projection period; these benefits have been included as a plan level adjustment to the Market Adjusted Index Rate in the development of the Plan Adjusted Index Rate.

Projection Period Index Rate: $982.42

13.2. Small Group Adjustment

Not applicable as this is an Individual filing.

14. MARKET-ADJUSTED INDEX RATE

45 CFR 156.80(d) indicates that the Index Rate must be adjusted for total market-wide payments, charges under the Federal risk adjustment program, and Exchange user fees. The derivation of the Market Adjusted Index Rate follows.

	Adjustments	
	WIHSP Reinsurance Program Adjustment	[redacted]
+	Risk Transfer Adjustment	
+	Exchange User Fee Adjustment	
=	Aggregated Adjustments	-0.130
	Index Rate for the Projection Period	$982.42
x	(1 + Aggregated Adjustments)	0.870
=	**Market Adjusted Index Rate**	**$854.68**

Reinsurance

The anticipated reinsurance recovery is projected to be [redacted].

Risk Adjustment

The anticipated risk transfer receipt is projected to be [redacted].

Exchange User Fees

The anticipated exchange user fee is projected to be [redacted].

15. PLAN-ADJUSTED INDEX RATE

The Market Adjusted Index Rate may be further adjusted for one or more of five plan level adjustments as outlined in 45 CFR 156.80(d)(2). The derivation of each of these plan level adjustments is described below and shown in detail in Appendix B.

Actuarial Value and Induced Utilization

The first component of this adjustment is the plan level paid-to-allowed ratio. A paid-to-allowed ratio, or pricing AV, was developed for each plan and applied to the Market Adjusted Index Rate, which represents an allowed cost, to develop the expected paid cost.

The pricing AVs were derived by evaluating each plan design using Oliver Wyman's proprietary pricing model, which is based on over $109 billion in allowed claims for over 168 million member months and contains over 60 service categories by which cost sharing may be varied. The model also accommodates a wide variety of cost sharing provisions.

The model was calibrated to a level consistent with MercyCare's expected allowed cost in 2026. The same calibrated model was used to develop the pricing AVs for each plan so as not to reflect differences in the populations that may select each plan; all plans are assigned paid-to-allowed ratios assuming the underlying morbidity and demographics of the single risk pool. The resulting paid-to-allowed ratio for each plan represents the expected impact of each plan's cost sharing amounts on the claim payments to be made by MercyCare relative to the allowed claim costs. The overall average paid-to-allowed factor was calculated by weighting the paid-to-allowed ratio for each plan by the expected enrollment in each plan.

Note, the average paid-to-allowed factor takes into account the nuanced benefit designs of each plan. In particular, the CSR plans at the silver level have paid-to-allowed ratios much higher than the standard silver AV of 0.7. The weighting to get to the overall average accounts for the distribution by plan, including membership expected in the CSR plans. The table below shows the CSR Silver Load for each of the on-exchange silver plan options.

Silver Plan	CSR Silver Load
Silver Standard	[redacted]
Silver Health Savings	
Silver 2500	

In addition to the paid-to-allowed ratio, we included an adjustment to reflect the relative utilization of services for each plan (i.e., induced utilization) due to cost sharing. We utilized the same methodology and factors that were applied in adjusting the experience when developing the Index Rate, as previously described.

We calculated the relative induced utilization factor for each plan by comparing the induced utilization factor for the subject plan to the overall average induced utilization factor underlying the Market Adjusted Index Rate. The induced utilization factor for each plan is based on the plan's metal level. This methodology produced an overall relative induced utilization factor across all plans that was not equal

to 1.000. Therefore, a normalization factor was applied to each plan so that the combination of the relative utilization adjustment and the normalization factor across all plans was 1.000.

Projection Period Average Paid-to-allowed Factor: [redacted]

Projection Period Induced Utilization Factor: [redacted]
Normalization Factor: [redacted]

Network and Care Management

MercyCare only has one provider network that will be used for all plans within this product. Further, the same level of care management will be employed across all plans. Therefore, this plan level adjustment is not utilized.

Additional Benefits Beyond EHB

In addition to the EHBs, Mercycare will offer coverage for allergy testing under this product. An estimate for the cost of this service was determined by applying cost and utilization trends to MercyCare's 2024 benefit experience.

Benefits in Addition to EHB Adjustment: 1.0001

Administrative Costs

The administrative costs discussed in Section 10 are applied as both fixed PMPM amounts and on a percent of premium basis in the development of the plan-adjusted index rates. [redacted]

Catastrophic Plan Adjustment

This form does not contain any catastrophic plans. Therefore, this plan level adjustment is not utilized.

16. CALIBRATION

A single calibration factor is applied to the Plan Adjusted Index Rates to calibrate rates for the expected age, geographic, and tobacco distribution expected to enroll in the plans. This calibration factor is applied uniformly across all plans.

Calibration Factor: 0.531

16.1. Age Curve Calibration

The Plan Adjusted Index Rates were adjusted by the weighted average age factor of the MercyCare projected enrollment to calibrate the rates. The calibration represents the relativity of the 21-year-old age rating factor to the average age rating factor for the Wisconsin Individual ACA product, produced using the expected distribution of members. The methodology used to determine the age curve calibration is based on the projected distribution by age and the HHS standard age curve, and reflects a factor of zero for the members expected to pay no premium. The age curve calibration was applied to all plans uniformly. Please see Appendix G for the development of the age calibration factor.

Age Calibration Factor: 0.536 = 1.000 / 1.867

16.2. Tobacco Use Factor Calibration

A tobacco load of 15% was applied to tobacco users age 21 and above. The calibration represents the relativity of the non-tobacco user factor (1.000) to the average factor for the Wisconsin Individual ACA product, produced using the expected distribution of members. The methodology used to determine the tobacco calibration is based on the projected distribution by age and tobacco use and reflects a factor of zero for the members expected to pay no premium. The tobacco calibration was applied to all plans uniformly. Please see Appendix G for the development of the tobacco calibration factor.

Tobacco Calibration Factor: 0.992 = 1.000 / 1.008

16.3. Geographic Factor Calibration

MercyCare is offering these plans in Rating Area 14 only.

Geographic Calibration Factor: 1.000

17. CONSUMER-ADJUSTED PREMIUM RATE DEVELOPMENT

Carriers are allowed to vary the Plan Adjusted Index Rates based on age, geography, tobacco use and family composition. The rates MercyCare is proposing vary by each of these factors as follows:

Age Factors

The standardized age factors developed by HHS and published in the final Health Insurance Market Rules were used in the development of rates for all proposed plans. These factors are presented in Appendix C.

Geographic Factors

The Individual product will only be offered in Wisconsin Rating Area 14; therefore, no geographic factors are applied to the rates.

Tobacco Factors

A tobacco factor of 1.15 is applied to tobacco users age 21 and older.

Family Composition

Individual premiums are calculated for each member in a family unit, with a family unit defined as a primary (i.e., employee), spouse, and any child dependents of the primary. Family unit premiums are calculated by summing the individual premiums for all individuals age 21 and over and the premiums for the oldest three dependents under the age of 21. The total monthly premium for a family is calculated as the sum of the family unit premiums.

Development of Consumer Adjusted Premium Rate Tables

In accordance with the ACA, the rates for a given individual may only vary by plan, age, geography, tobacco use, and family composition. In developing the rates for each plan, age, geography, and tobacco use, the calibrated Plan Adjusted Index Rate was used as the starting point. The allowable consumer level rating factors utilized by MercyCare were then applied to the calibrated Plan Adjusted Index Rate as follows:

$$Rate_{p,a,r,t} = Calibrated\ Plan\ Adjusted\ Index\ Rate_p\ x\ AgeFac_a\ x\ Geography_r\ x\ Tobacco_t$$

$$Where\ p = Plan\ option\ p$$

$$Where\ AgeFac_a = The\ factor\ from\ the\ HHS\ age\ curve\ for\ someone\ age\ a$$

$$Where\ Geography_r = The\ geographic\ adjustment\ factor for\ Rating\ Region\ r$$

$$Where\ Tobacco_t = The\ tobacco\ adjustment\ factor for\ Tobacco\ Status\ t$$

The 2026 rate tables for all plans and ages can be found in Appendix D.

17.1. Small Group Consumer-Adjusted Premium Rates

Not applicable as this is an Individual filing.

17.2. Sample Rate Calculation

Please see Appendix B for the development of the Consumer Adjusted Index Rates for each plan. This appendix demonstrates the development of the Age 21 rate for each plan, given that the age factor corresponding with Age 21 is 1.000.

18. AV METAL VALUES

The Revised Final 2026 AV Calculator was used to develop the Metal AV included in Worksheet 2, Section I of the URRT for each plan, as required by 45 CFR 156.135(a). No adjustments were made to the AV Calculator output values so no unique plan design justification is needed.

The Bronze Standard – Expanded plan has a calculated AV above 62.00%. This plan is not an HSA-eligible HDHP plan. Primary care, mental health, and therapy services are covered prior to the application of the deductible with a $50 copay. Additionally, generic drugs and specialist visits are covered prior to the application of the deducible with a copay of $25 and $100, respectively.

19. AV PRICING VALUES

The AV Pricing Values are calculated by dividing the “Plan Level Adjusted Index Rate” for each plan by the “Market Adjusted Index Rate” for each plan, as demonstrated in Appendix B.

Please see Section 15 Plan-Adjusted Index Rate for detail regarding how differences in utilization due to differences in cost-sharing were estimated and support that the methodology does not incorporate differences in health status.

20. MEMBERSHIP PROJECTIONS

20.1. Marketing Method

All plans offered under MercyCare's Individual product are open to new sales.

Seven of the plans included in this filing will be marketed both on and off-Exchange. Three of the plans will be marketed off-Exchange only. Off-Exchange, the products will be marketed through licensed agents.

20.2. Development of Membership Projections

Projected Membership by Plan

MercyCare is projecting that it will sell coverage for the benefit plans included in this filing to roughly [redacted] members in 2026. [redacted]

MercyCare anticipates the distribution of its Individual ACA business in 2026 by metal tier will be approximately as follows:

Metal Level	Membership Distribution
Gold	[redacted]
Silver	
Bronze	

The distribution by plan, shown in Appendix E, was based on [redacted]

It is important to note that while the anticipated distribution by metal tier will impact the development of the Index Rate (i.e., the level of induced utilization underlying the Index Rate depends on the projected distribution of actuarial values), the rates developed for each plan are mostly independent of this distribution.

Projected Membership by Age

To develop projections of the 2026 membership by age we examined the current Wisconsin Individual ACA membership. This formed the basis for our best estimate of the anticipated distribution by age for the Wisconsin Individual ACA membership in 2026. Based on this information, we are projecting that the members will be distributed by age as shown in Appendix F.

Average Age of Projected Population: [redacted]

20.3. Methodology Used to Estimate Projected CSR Enrollment

Projections of 2026 membership in plans eligible for CSR subsidies were developed based on MercyCare's current enrollment in CSR plans. The table below provides the projected distribution of membership by CSR status for each silver plan offered on-exchange:

Silver Plan	Base (no CSR)	73% CSR	87% CSR	94% CSR
Silver Standard	[redacted]			
Silver Health Savings				
Silver 2500				

* Sums by plan may exceed 100% due to rounding

The cost sharing reduction (CSR) subsidies for PY 2024 were estimated by "shadow pricing" actual 2024 claims of CSR enrollees. The amount of estimated PY2024 CSR subsidy is [redacted]

21. TERMINATED PLANS AND PRODUCTS

No plans will be terminated at the end of 2025. A list of the 2025 plans and their 2026 status can be found in Appendix H, which includes the crosswalk between previously terminated and renewing plans.

22. PLAN TYPE

The plan types listed in the drop-down box in Worksheet 2, Section I of the URRT properly describe each of the proposed plans.

23. RELIANCE

Data Reliance

Reliance on other sources was required for many parts of the rate development process, including use of external studies, as noted throughout this Actuarial Memorandum.

I have relied on data and other information provided by senior staff at MercyCare. The attached reliance letter in Appendix I will serve as affirmation that the information relied upon is consistent with MercyCare's expected claims cost and business plan. I have not audited or verified this data and other information; however, I have reviewed it for reasonableness and consistency and have not found any material defects in the data. A detailed audit of the data was beyond the scope of this engagement and it is possible that if an audit were conducted inaccuracies in the data could be revealed. If the data or other information underlying the development of rates is inaccurate or incomplete, the results of the analysis I performed may also be inaccurate or incomplete.

External sources, such as publicly available reports from CMS, were also relied upon in developing estimates of the landscape of the current Wisconsin Individual market and morbidity assumptions.

In addition, various members of Oliver Wyman's staff assisted with the development of many of the factors used in the rate development build-up. I have thoroughly reviewed and discussed with them the aspects of their work upon that I relied and believe it to be reasonable and accurate.

Relationship to Client and Limitations on Distribution

MercyCare has engaged Oliver Wyman to develop rates for its Individual ACA comprehensive major medical product effective January 1, 2026 and to provide the opinion herein. The information included in this actuarial memorandum has been prepared for use by MercyCare and we understand the information may be provided to the OCI and potentially its subcontractor(s) engaged to perform an actuarial review of MercyCare's rates. Oliver Wyman makes no representation or warranty to any third party regarding the content of this actuarial memorandum and no third party may rely on the information included in this actuarial memorandum that would create any legal duty by Oliver Wyman to any third party.

Interpretation of Applicable Laws and Regulations

The analysis underlying the development of the rates included in this actuarial memorandum is based on our interpretation of current State and Federal laws and regulations. Should these laws and/or regulations be modified our results could be subject to change. It should be noted that Oliver Wyman is an actuarial consulting firm and is not engaged in the practice of law. Therefore, nothing in this actuarial memorandum should be interpreted as legal advice.

Variability of Results

The rates developed in this filing reflect estimates of future contingent events, therefore actual results will likely vary. The magnitude of differences between projections in this filing and actual observed experience will depend on the extent to which actual experience in the future conforms to the assumptions made in this analysis. It is certain that actual experience will not conform exactly to the assumptions made in this filing.

24. ACTUARIAL CERTIFICATION

This certification includes:

___ Prescribed Wording Only
_X_ Prescribed Wording with Additional Wording
___ Revised Wording

I, [redacted], am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the qualification standards for actuaries issuing statements of actuarial opinion in the United States related to the development of health insurance rates. I have prepared this filing on behalf of MercyCare HMO, Inc. I am of the opinion that this filing is in compliance with all applicable Federal and State Laws and Regulations, including the ACA and corresponding regulations and guidance.

I am an employee of Oliver Wyman Actuarial Consulting, Inc., an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer, or a trade association of health plans or insurers.

I certify that, to the best of my knowledge and judgment:

- The entire rate filing is in compliance with the applicable laws of the state of Wisconsin and with the rules of the Office of the Commissioner of Insurance,
- The development of the projected index rate and all rating factors is in compliance with all applicable federal statutes and regulations,
- The index rate and allowable modifiers as described in 45 C.F.R. § 156.80(d)(1) and (d)(2), are used in the development of plan-specific premium rates,
- The essential health benefit portion of premium, upon which advanced payment of premium tax credits (APTCs) are based, is appropriate and was developed in accordance with Actuarial Standards of Practice,
- The methodology used to calculate the AV Metal Value for each plan complies with federal regulations,
- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area,
- The entire rate filing, including development of the projected index rate and all rating factors, complies with all applicable Actuarial Standards of Practice,
- The projected index rate and rating factors are reasonable in relation to the benefits provided and the population anticipated to be covered, and
- The premium schedule, including the projected index rate and rating factors, is not excessive, deficient, nor unfairly discriminatory.

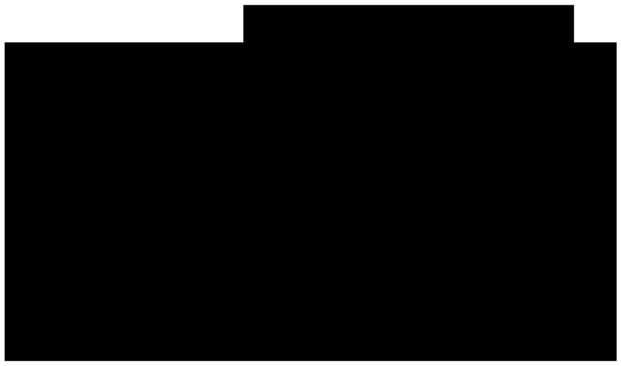
As required, the Part I Unified Rate Review Template is being provided. However, it does not demonstrate the rate development process employed in developing the rates herein. Rather, it

represents information required by Federal regulation to be provided to the Secretary to monitor rate increases and for certification of qualified health plans for Federally Facilitated Exchanges.

I certify that this filing has been prepared in accordance with the following Actuarial Standards of Practice:

- Actuarial Standard of Practice No. 5, "Incurred Health and Disability Claims,"
- Actuarial Standard of Practice No. 8, "Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits,"
- Actuarial Standard of Practice No. 12, "Risk Classification,"
- Actuarial Standard of Practice No. 23, "Data Quality,"
- Actuarial Standard of Practice No. 25, "Credibility Procedures,"
- Actuarial Standard of Practice No. 41, "Actuarial Communications," and
- Actuarial Standard of Practice No. 50, "Determining Minimum Value and Actuarial Value under the Affordable Care Act."

I further certify that the anticipated loss ratio submitted herein is expected to develop over the period for which rates are computed to provide coverage and that the benefits of the policy form affected by the rate filing are reasonable in relation to the net premiums charged for the population anticipated to be covered.



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Wauwatosa, WI 53226

Appendix A - Index Rate Development

Index Rate Development	Actual Cost Projection
Base Period Allowed Cost	[redacted]
x Remove Non-EHB Services	
= Base Period Allowed Costs for EHB Services	
x Trend Adj	
x Morbidity Adj (excl. demographic)	
x New EHB Benefits	
x Induced Utilization Adj	
x Demographic Adj	
x Network Adj	
x Rx Rebate Adj	
x Large Claim Adj	
= 1/1/2026 Projected Allowed Claims PMPM for EHB Services	
Credibility of Actual Cost Projection	
= 1/1/2026 Index Rate	
x Trend Adjustment for Calendar Year Basis (SG only)	
= Index Rate for the Projection Period	**$982.42**
+ Adjustment to Add non-EHBs from Projection Period	$0.12
= Credibility-Weighted CY 2024 Projected Allowed Cost PMPM	**$982.54**

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	**$854.68**		
	Plan ID	**58326WI0090021**	**58326WI0090013**
Plan Level Adjustments	**Average**	**MercyCare Gold Standard**	**MercyCare Gold Health Savings**
x Paid-to-Allowed Ratio	[redacted]	0.8215	0.7975
x Induced Utilization		1.1500	1.1500
x Induced Utilization Norm.		0.9379	0.9379
x Network Adjustment		1.0000	1.0000
x Adjustment for Non-EHBs		1.0001	1.0001
x Catastrophic Adjustment		1.0000	1.0000
= Estimated Average Paid Claims PMPM	$685.66	$757.44	$735.26
Non-Benefit Expenses - Aggregated Amounts	**Average**	**MercyCare Gold Standard**	**Gold Health Savings**
[redacted]			
Plan Level Adjusted Index Rate	**$740.35**	**$817.80**	**$793.86**
Age Calibration Adjustment		0.5357	0.5357
Tobacco Use Calibration Adjustment		0.9916	0.9916
Consumer Adjusted Index Rate		**$434.42**	**$421.70**
AV Pricing Value		0.9569	0.9288
[redacted]			

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	**$854.68**			
	Plan ID	**58326WI0090022**	**58326WI0090002**	**58326WI0090016**
Plan Level Adjustments	**Average**	**MercyCare HMO Silver Standard**	**MercyCare Silver 2500 3 Free PCP Visits**	**MercyCare Silver Health Savings**
x Paid-to-Allowed Ratio	[redacted]	0.8955	0.9009	0.9082
x Induced Utilization		1.0300	1.0300	1.0300
x Induced Utilization Norm.		0.9379	0.9379	0.9379
x Network Adjustment		1.0000	1.0000	1.0000
x Adjustment for Non-EHBs		1.0001	1.0001	1.0001
x Catastrophic Adjustment		1.0000	1.0000	1.0000
= Estimated Average Paid Claims PMPM	$685.66	$739.49	$743.94	$749.98
Non-Benefit Expenses - Aggregated Amounts	**Average**	**Silver Standard**	**Silver 2500 3 Free PCP Visits**	**Silver Health Savings**
[redacted]				
Plan Level Adjusted Index Rate	**$740.35**	**$798.43**	**$803.23**	**$809.75**
Age Calibration Adjustment		0.5357	0.5357	0.5357
Tobacco Use Calibration Adjustment		0.9916	0.9916	0.9916
Consumer Adjusted Index Rate		**$424.13**	**$426.68**	**$430.14**
AV Pricing Value		0.9342	0.9398	0.9474
[redacted]				

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	**$854.68**		
	Plan ID	**58326WI0090023**	**58326WI0090024**
Plan Level Adjustments	**Average**	**MercyCare HMO Bronze Standard-Expanded**	**MercyCare Bronze 10000 1 Free PCP Visit**
x Paid-to-Allowed Ratio	[redacted]	0.7163	0.6589
x Induced Utilization		1.0000	1.0000
x Induced Utilization Norm.		0.9379	0.9379
x Network Adjustment		1.0000	1.0000
x Adjustment for Non-EHBs		1.0001	1.0001
x Catastrophic Adjustment		1.0000	1.0000
= Estimated Average Paid Claims PMPM	$685.66	$574.28	$528.26
Non-Benefit Expenses - Aggregated Amounts	**Average**	**Bronze Standard-Expanded**	**Bronze 10000 1 Free PCP Visit**
[redacted]			
Plan Level Adjusted Index Rate	**$740.35**	**$620.17**	**$570.52**
Age Calibration Adjustment		0.5357	0.5357
Tobacco Use Calibration Adjustment		0.9916	0.9916
Consumer Adjusted Index Rate		**$329.44**	**$303.07**
AV Pricing Value		0.7256	0.6675
[redacted]			

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	**$854.68**			
	Plan ID	**58326WI0090026**	**58326WI0090025**	**58326WI0090027**
Plan Level Adjustments	**Average**	**MercyCare Silver Standard Off-Exchange**	**MercyCare Silver 2500 3 Free PCP Visits Off-Exchange**	**MercyCare Silver Health Savings Off-Exchange**
x Paid-to-Allowed Ratio	[redacted]	0.7451	0.7478	0.7602
x Induced Utilization		1.0300	1.0300	1.0300
x Induced Utilization Norm.		0.9379	0.9379	0.9379
x Network Adjustment		1.0000	1.0000	1.0000
x Adjustment for Non-EHBs		1.0001	1.0001	1.0001
x Catastrophic Adjustment		1.0000	1.0000	1.0000
= Estimated Average Paid Claims PMPM	$685.66	$615.30	$617.49	$627.73
Non-Benefit Expenses - Aggregated Amounts	**Average**	**Silver Standard Off-Exchange**	**Silver 2500 3 Free PCP Visits Off-**	**Silver Health Savings Off-Exchange**
[redacted]				
Plan Level Adjusted Index Rate	**$740.35**	**$664.44**	**$666.80**	**$677.85**
Age Calibration Adjustment		0.5357	0.5357	0.5357
Tobacco Use Calibration Adjustment		0.9916	0.9916	0.9916
Consumer Adjusted Index Rate		**$352.96**	**$354.21**	**$360.08**
AV Pricing Value		0.7774	0.7802	0.7931
[redacted]				

Appendix C - Age Curve

Age	Premium Ratio
0	0.765
1	0.765
2	0.765
3	0.765
4	0.765
5	0.765
6	0.765
7	0.765
8	0.765
9	0.765
10	0.765
11	0.765
12	0.765
13	0.765
14	0.765
15	0.833
16	0.859
17	0.885
18	0.913
19	0.941
20	0.970
21	1.000
22	1.000
23	1.000
24	1.000
25	1.004
26	1.024
27	1.048
28	1.087
29	1.119
30	1.135
31	1.159
32	1.183

Age	Premium Ratio
33	1.198
34	1.214
35	1.222
36	1.230
37	1.238
38	1.246
39	1.262
40	1.278
41	1.302
42	1.325
43	1.357
44	1.397
45	1.444
46	1.500
47	1.563
48	1.635
49	1.706
50	1.786
51	1.865
52	1.952
53	2.040
54	2.135
55	2.230
56	2.333
57	2.437
58	2.548
59	2.603
60	2.714
61	2.810
62	2.873
63	2.952
64+	3.000

Appendix D - Proposed Rates

Rating Area 14				
Plan Name	MercyCare Gold Standard		MercyCare Gold Health Savings	
Plan ID	58326WI0090021		58326WI0090013	
Metal Level	Gold		Gold	
Tobacco Status	Non-User	User	Non-User	User
0	[redacted]			
1				
2				
3				
4				
5				
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63				
64+				

Appendix D - Proposed Rates

Rating Area 14						
Plan Name	MercyCare HMO Silver Standard		MercyCare Silver 2500 3 Free PCP Visits		MercyCare Silver Health Savings	
Plan ID	58326WI0090022		58326WI0090002		58326WI0090016	
Metal Level	Silver		Silver		Silver	
Tobacco Status	Non-User	User	Non-User	User	Non-User	User
0	[redacted]					
1						
2						
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64+						

Appendix D - Proposed Rates

Rating Area 14		
Plan Name	MercyCare HMO Bronze Standard-Expanded	MercyCare Bronze 10000 1 Free PCP Visit
Plan ID	58326WI0090023	58326WI0090024
Metal Level	Bronze	Bronze
Tobacco Status	[redacted]	
0		
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64+		

Appendix D - Proposed Rates

Rating Area 14			
Plan Name	MercyCare Silver Standard Off-Exchange	MercyCare Silver 2500 3 Free PCP Visits Off-Exchange	MercyCare Silver Health Savings Off-Exchange
Plan ID	58326WI0090026	58326WI0090025	58326WI0090027
Metal Level	Silver	Silver	Silver
Tobacco Status	[redacted]		
0			
1			
2			
3			
4			
5			
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64+			

Appendix E - Membership Projections by Plan

Projected Members: [redacted]

HIOS Plan ID	HIOS Plan Name	Metal Level	Expanded Bronze	Members	Projected Enrollment
58326WI0090021	MercyCare Gold Standard	Gold	No	[redacted]	[redacted]
58326WI0090013	MercyCare Gold Health Savings	Gold	No		
58326WI0090022	MercyCare HMO Silver Standard	Silver	No		
58326WI0090002	MercyCare Silver 2500 3 Free PCP Visits	Silver	No		
58326WI0090016	MercyCare Silver Health Savings	Silver	No		
58326WI0090023	MercyCare HMO Bronze Standard-Expanded	Bronze	Yes		
58326WI0090024	MercyCare Bronze 10000 1 Free PCP Visit	Bronze	No		
58326WI0090026	MercyCare Silver Standard Off-Exchange	Silver	No		
58326WI0090025	MercyCare Silver 2500 3 Free PCP Visits Off-Exchange	Silver	No		
58326WI0090027	MercyCare Silver Health Savings Off-Exchange	Silver	No		

Appendix F - Membership Projections by Age

Projected Members: [redacted]

Age	Members	Proj Dist
Unratable	[redacted]	
0		
1		
2		
3		
4		
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30		
31		

Age	Members	Proj Dist
32	[redacted]	
33		
34		
35		
36		
37		
38		
39		
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41		
42		
43		
44		
45		
46		
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63		
64+		

Appendix G - Calibration Development

Age Calibration:	**0.5357**
Tobacco Calibration:	**0.9916**

	Age Curve	Tobacco Load
Ages	Rating Factor	Rating Factor
No Premium	0.000	0.000
0	0.765	1.000
1	0.765	1.000
2	0.765	1.000
3	0.765	1.000
4	0.765	1.000
5	0.765	1.000
6	0.765	1.000
7	0.765	1.000
8	0.765	1.000
9	0.765	1.000
10	0.765	1.000
11	0.765	1.000
12	0.765	1.000
13	0.765	1.000
14	0.765	1.000
15	0.833	1.000
16	0.859	1.000
17	0.885	1.000
18	0.913	1.000
19	0.941	1.000
20	0.970	1.000
21	1.000	1.150
22	1.000	1.150
23	1.000	1.150
24	1.000	1.150
25	1.004	1.150
26	1.024	1.150
27	1.048	1.150
28	1.087	1.150
29	1.119	1.150
30	1.135	1.150
31	1.159	1.150
32	1.183	1.150
33	1.198	1.150
34	1.214	1.150
35	1.222	1.150
36	1.230	1.150
37	1.238	1.150
38	1.246	1.150
39	1.262	1.150
40	1.278	1.150
41	1.302	1.150
42	1.325	1.150
43	1.357	1.150
44	1.397	1.150
45	1.444	1.150
46	1.500	1.150
47	1.563	1.150
48	1.635	1.150
49	1.706	1.150
50	1.786	1.150
51	1.865	1.150
52	1.952	1.150
53	2.040	1.150
54	2.135	1.150
55	2.230	1.150
56	2.333	1.150
57	2.437	1.150
58	2.548	1.150
59	2.603	1.150
60	2.714	1.150
61	2.810	1.150
62	2.873	1.150
63	2.952	1.150
64 and Older	3.000	1.150

Demographic Distribution		
Ages	Non-Tobacco	Tobacco
No Premium	[redacted]	
0		
1		
2		
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4		
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63		
64 and Older		

Appendix H - Plan Map

New and Renewing Plans

2024 HIOS ID	2025 HIOS ID	2026 HIOS ID
58326WI0090013	58326WI0090013	58326WI0090013
58326WI0090002	58326WI0090002	58326WI0090002
58326WI0090016	58326WI0090016	58326WI0090016
58326WI0090021	58326WI0090021	58326WI0090021
58326WI0090022	58326WI0090022	58326WI0090022
58326WI0090023	58326WI0090023	58326WI0090023
58326WI0090024	58326WI0090024	58326WI0090024
N/A	N/A	58326WI0090026
N/A	N/A	58326WI0090025
N/A	N/A	58326WI0090027

Mapped Plans

2024 HIOS ID	Terminated	Mapped 2026 HIOS ID	Separate Column in URRT	Reason Code*

HIOS IDs shown in URRT

***Reason Code Key for Exclusion from URRT**

(1) Terminated plan not available during experience period

(2) Highest-membership plan mapped to new plan; experience captured in column of mapped plan

Appendix I: Reliance Letter

MercyCare HMO, Inc.

Statement Regarding Accuracy of Data and Reliance on Assumptions Provided

2026 Wisconsin Commercial Individual Market Pricing

I, [redacted], Director of Actuarial and Underwriting for MercyCare HMO, Inc., (MercyCare) hereby affirm that to the best of my knowledge and belief, the underlying data sources, information, and assumptions relied upon by Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) for use in preparing MercyCare's 2026 commercial Individual market pricing are accurate and complete.

I acknowledge that should any of this information be incorrect or any of these assumptions not be realized, the resulting financial experience in 2026 could differ significantly from that which is projected by Oliver Wyman.

1. January, 2024 through December, 2024 claims and membership for MercyCare's Wisconsin Individual business used in development of the rates;
2. Incurred but not paid completion estimates for January, 2024 through December, 2024 incurred claims, with payments through March, 2025;
3. Membership data for the Wisconsin Individual business as of March 2025;
4. A summary of covered services and cost sharing parameters for each of the benefit plans underlying the 2024 Wisconsin Individual experience;
5. 2026 proposed benefit plan designs, including covered services and cost sharing parameters;
6. Confirmation the 2026 proposed benefit plans are in compliance with their respective Metal AV requirements and pass the financial test for Mental Health Parity and Addition Equity Act;
7. 2026 projected membership volumes and distribution projections by plan;
8. Information on MercyCare's provider network and expected contract changes, including the projected annual change in average charges between 2024 and 2026 for professional services;
9. Information on 2024 and 2026 pharmacy reimbursement arrangements, including formulary and rebates;

10. Product names, product IDs, plan names, and plan IDs as entered in HIOS for each benefit plan;
11. A crosswalk from MercyCare's current plans offered in the Individual market to those plans that will be offered in 2026;
12. Projected administrative expenses, taxes, fees, and target profit;
13. The counties in which MercyCare intends to offer Individual products in 2026;
14. 2024 risk adjustment program information, including May 2025 RATEE files and final OCI estimates of statewide 2024 metrics;
15. Confirmation that the 2026 proposed provider network meets network adequacy requirements;
16. Guidance on how the end of the enhanced premium tax credits and federal CSR funding could impact enrollment and morbidity in Individual market for 2026;
17. Any other information provided in support of the 2026 MercyCare Individual commercial rate development that was relied on by Oliver Wyman.

I confirm that the assumptions outlined above, as documented in the pricing results presentations provided to me are consistent with the assumptions I have provided to Oliver Wyman for use in MercyCare's 2026 Wisconsin Individual pricing. I further acknowledge that significant risk and uncertainty underlie the development of rates for Individual products to be sold in 2026 due to the potential impacts of Medicaid unwinding.

Director of Actuarial and Underwriting

Title

6/24/2025

Date

[redacted]