

Actuarial Memorandum and Certification

Moda Health Plan, Inc.

January 1, 2026 Texas Individual Rate Filing

General Information

Company Identifying Information

Company Legal Name: Moda Health Plan, Inc.
State: Texas
HIOS Issuer ID: 17933
Market: Individual
Effective Date: January 1, 2026

Company Contact Information

Primary Contact

Name: Alex Vanos, FSA, MAAA
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Secondary Contact

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Proposed Rate Increase

The average rate change is [REDACTED] as shown on Worksheet 2 of the URRT. The proposed rate change varies by plan, and the proposed rates vary by plan, age, and tobacco use. The average rate change was calculated by comparing the weighted average premium for current members using 2025 plans and rates and the weighted average premium for members using 2026 plans and rates.

The adjustments included in the proposed rate change include adjustments for cost and utilization trends and changes in taxes and fees. Differences in the rate change between plans are driven by benefit changes and updates to projected paid to allowed ratios for renewing plans.

The proposed rates and analysis included in this filing are based on state and federal laws and policies in place at the time of submission. Any subsequent changes will impact the appropriateness and adequacy of the proposed rates.

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A summary of the major components and their contribution to the rate change is provided in the table below.

Components of the rate change	% Impact
Base Period Experience	
Pricing Trend % Leveraging	
Federal Risk Adjustment	
Exchange User Fees	
Metal Mix	
Age Calibration Factor	
Administrative Costs	
Other	
Total Impact	

Experience Period Premium and Claims

Experience Period

Market: Texas Individual Medical and Prescription Drug plans

Incurred dates: January 1 through December 31, 2024

Paid through date: April 30, 2025

Premiums (net of MLR Rebate) in Experience Period

Earned premiums:

Member Months:

MLR rebates refunded:

Anticipated MLR rebates:

No MLR rebates are anticipated

Current Premium (as of April 2025)

Current Enrollment:

Current Premium PMPM:

MLR rebates refunded:

Anticipated MLR rebates:

PMPM

No MLR rebates are anticipated

Allowed and Incurred Claims Incurred During the Experience Period

Incurred paid claims (net of CSR):

Completed incurred paid claims (net of CSR):

Completed incurred allowed claims:

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- The experience period contains only single risk pool compliant plans.
- Paid and allowed claims come directly from issuer's claim records and are net of pharmacy rebates for the experience period.
- IBNR is estimated monthly by the actuarial department and is modeled at the reserve cell level. The starting point for the actuarial analysis is completion factors produced by a proprietary model using historical data including enrollment, paid claims, pending claims, and inventory. The actuaries then review the estimates for reasonableness and make adjustments using actuarial judgment.

Benefit Categories

Claims are categorized using claim level service code and provider information to the categories as specified in the Unified Rate Review Instructions.

Projection Factors

Trend Factors: The Year 1 and Year 2 trends included in this filing are both annual trends. Year 1 trend covers 12 months of trend from the 2024 experience period to 2025. Year 2 trend covers 12 months of trend from 2025 to the 2026 projection period.

Medical trends are based on historical trends and observed and anticipated contracting changes. Pharmacy trends are based on historical trends and observed and anticipated drug pipeline changes. Total medical trends are based on benefit category trends and experience period benefit category weights.

Morbidity Adjustment: No adjustment.

Demographic Shift: No adjustment.

Plan Design Changes: No adjustment.

Other Adjustments: No adjustment.

Credibility Manual Rate Development

The basis for the manual rate is Moda Health Plan's 2024 Oregon Individual experience trended forward to the 2026 rating period.

Four adjustment factors were applied to convert this from an Oregon cost basis to a Texas cost basis:

- An induced demand adjustment factor of [REDACTED] was applied to account for metal mix differences between the Oregon experience and the Texas experience. The same induced demand factors used in the risk adjustment transfer formula were used for this

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adjustment. The average induced demand factor for the Oregon experience was [REDACTED]. The average induced demand factor for the Texas experience was [REDACTED].

- An age factor adjustment factor of [REDACTED] was applied to account for age differences between the Oregon experience and the Texas experience. The average age factor for the Oregon experience was [REDACTED] using Texas age factors. The average age factor for the Texas experience was [REDACTED].
- A morbidity adjustment factor of [REDACTED] was applied to account for morbidity differences between states. Risk adjustment transfer amounts account for morbidity differences between Moda Health Plan's experience and statewide averages, so an adjustment was needed to account for differences between statewide averages. CMS' Interim Summary Report on Risk Adjustment for the 2024 Benefit Year was used to develop this adjustment factor. It was calculated as the difference in PLRS after accounting for differences in AV and ARF.
- A cost and utilization adjustment factor of [REDACTED] was applied to the Oregon experience to convert this to a Texas cost basis. Milliman's Managed Care Rating Model (MCRM) was used to develop this adjustment factor. This reflects known contracting differences between Moda Health Plan's Beacon and Affinity networks in Oregon and Moda Select network in Texas as well as expected utilization differences.

The development of the manual rate is shown in the table below.

Manual EHB Allowed Claims PMPM

Experience Period (1/1/2024 to 12/31/2024)

Rating Period (1/1/2026 to 12/31/2026)

Moda Health Plan's Oregon Individual Segment

(A) 2026 Allowed PMPM

(B) Risk Adjustment Payment/Charge

(C = A-B) 2026 Market Average Risk Allowed PMPM

Texas Adjustments

(D) IDF Adjustment

(E) ARF Adjustment

(F) Morbidity Adjustment

(G) Unit Cost Adjustment

Moda Health Plan's Texas Individual Segment

(H = C*D*E*F*G) Projected Index Rate for Market Average Risk

(I) Risk Adjustment Payment/Charge

(J = H+I) Manual EHB Allowed Claims PMPM

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Credibility of Experience

The Centers for Medicare and Medicaid Services (CMS) provides guidelines for full credibility to be used in the Medicare Advantage (MA) and Prescription Drug (PD) Bid Pricing Tools (BPTs). This credibility formula was used to determine the full credibility threshold used in this rate filing.

Moda Health Plan's 2024 Texas Individual experience was determined to be [REDACTED] credible based on having [REDACTED] member months in the experience period and needing [REDACTED] member months to be fully credible.

Risk Adjustment

The projected risk adjustment is based on Wakely National Simulation results for 2024. Paid basis amounts were grossed up to an allowed basis for input on Worksheet 1 of the URRT. The projected amount for 2026 is [REDACTED] PMPM payable.

Exchange User Fees

The projected exchange user fees shown on Worksheet 1 of the URRT is [REDACTED]. This is based on actual exchange user fees being [REDACTED] and the expected utilization rate being [REDACTED].

Non-Benefit Expenses and Profit & Risk

Administrative Expense

Administrative expenses are allocated based on total enrollment and applied equally across all plans. Expected amounts for broker commissions were added into the administrative expense load. The administrative expenses included in this filing are [REDACTED] PMPM or [REDACTED] of projected premium.

Taxes and Fees

Exchange user fees are not included in this section as they are included on Worksheet 1 of the Unified Rate Review Template (URRT). The taxes and fees listed below are included on Worksheet 2 of the URRT.

- The state premium tax is [REDACTED] of premium.
- The PCORI fee is [REDACTED] PMPM
- The risk adjustment user fee is [REDACTED] PMPM
- Total taxes and fees included in this filing are [REDACTED] PMPM or [REDACTED] of projected premium.

Profit & Risk Load

This filing includes a 2.0% profit & risk load.

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Single Risk Pool

In accordance with 45 CFR part 156, §156.80(d), the index rate that is effective January 1, 2026 for the Texas individual market is based on the total allowed claims costs for providing essential health benefits within the single risk pool of that market. The index rate has been adjusted on a market-wide basis for the state based on the total expected payments and charges under the risk adjustment and exchange user fees. The premium rate for all Moda Health Plan Texas Individual benefit plans use the applicable plan adjusted index rate, subject only to the plan-level adjustments permitted. Premium rates for a particular plan may vary from its index rate for a relevant market based only on the following actuarially justified plan-specific factors:

Plan-specific factors allowed and used in this filing

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- The benefits provided under the plan that are in addition to the essential health benefits. These additional benefits must be pooled with similar benefits within the single risk pool and the claims experience from those benefits must be utilized to determine rate variations for plans that offer those benefits in addition to essential health benefits.
- Administrative costs, excluding Exchange user fees.

Index Rate

In accordance with 45 CFR part 156, §156.80(d)(1), the index rate that is effective January 1, 2026 for the Individual market is based on the total allowed claim costs for providing essential health benefits within the single risk pool of that market.

Market Adjusted Index Rate

In accordance with 45 CFR part 156, §156.80(d)(1), the market-wide adjusted index rate is based on the index rate with an adjustment for reinsurance, risk adjustment, and Exchange user fees.

Plan Adjusted Index Rates

In accordance with 45 CFR part 156, §156.80(d)(2), plan adjusted index rates are based on the market-wide adjusted index rate and allowable plan level modifiers. Development of the plan adjusted index rates is shown on Worksheet 2 of the URRT.

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A description of the plan level modifiers that were used to develop the plan adjusted index rates is provided below.

- **Actuarial value and cost sharing:** Plan benefit relativities were developed using Milliman's Commercial Managed Care Rating Model (MCRM).
- **CSR Silver Loading:** There is a load added to Silver plans to account for the removal of CSR payments. The state mandated [REDACTED] load was used.
- **Benefits in addition to the EHB's:** There is a [REDACTED] factor for benefits provided in addition to the EHBs for adult vision exams.
- **Distribution and administrative costs:** Non-benefit expenses were converted to a fixed percentage and applied uniformly across all plans.

Calibration

Calibration factors for age and tobacco use were used to convert plan adjusted index rates into calibrated plan adjusted index rates. No calibration factor for geographic area is needed since rates are only filed in one rating area.

- **Age Calibration Factor:** Moda Health Plan's 2024 Texas Individual enrollment was used to develop the age calibration factor. The average age factor is [REDACTED]. The age curve calibration factor is the inverse of this, [REDACTED].
- **Tobacco Calibration Factor:** A tobacco use load of [REDACTED] was implemented in 2024 across Moda Health Plan's Individual segments. Moda Health Plan has not included a tobacco factor in prior filings. Published studies and competitor filings were relied upon to estimate the tobacco use population. It is assumed that this [REDACTED] load will be applied to [REDACTED] of members. The estimated load on the single risk pool is [REDACTED], and the tobacco calibration factor used in this filing is [REDACTED]. Moda Health Plan's emerging 2024 and 2025 experience is tracking in line with these assumptions.

Consumer Adjusted Premium Rate Development

The consumer adjusted premium rate is calculated by taking the product of the calibrated plan adjusted index rate, age factor, rating area factor, and tobacco use factor.

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Projected Loss Ratio

The projected loss ratio using the federally prescribed methodology is 90.76%. This calculation is shown below.

Component	% of Premium	PMPM
Gross Premium		
Risk Adjustment		
Net Premium		
Incurred Claims		
Administrative Expense		
Taxes and Fees		
Profit & Risk Load		
(A) Claims		
(B) Quality Improvement Expenses		
(C) Premiums		
(D) Taxes and Fees		
MLR Calculation (A + B)/(C - D)		

AV Metal Values

The AV Metal Values found on Worksheet 2 of the URRT were calculated using the Final 2026 AV Calculator. Benefits were directly inputted into the AV calculator for most benefits.

Effective copays were calculated for certain benefits that are not directly supported by the AV calculator. The adjustments outlined in the AV calculator's frequently asked questions (FAQ) section were followed. These adjustments were developed in accordance with ASOP 50 and CFR 45 156.135. Benefits that required an adjustment are listed below.

- **Drugs:** Certain plans use a coinsurance benefit with the deductible waived which is not directly supported by the AV calculator. An effective copay was calculated to use during the deductible and coinsurance phases.

Membership Projections

Membership projections are based on Moda's 2025 enrollment, statewide enrollment by metal level, and Moda's projected rate position in the 2026 Texas Individual market.

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The projected membership for Silver exchange plans is further broken down by subsidy level.

CSR Variant	Projected Membership
73%	
87%	
94%	
Zero/Limited	
Base	

Cost Share Reduction Estimate

An estimate of the cost-sharing reduction paid for the 2024 experience period is shown in the Cost-Sharing Reduction Estimate Exhibit. This was estimated by comparing the paid/allowed ratio for the base plan with the cost-share variants for each plan. The estimated cost-sharing reduction paid for 2024 is [REDACTED] which equates to a [REDACTED] load on Silver plans. This is lower than the Texas mandated [REDACTED] Silver load used for 2026.

Plan Type

All plans for the 2026 plan year are listed as “EPO” on Worksheet 2 of the URRT.

Reliance

All data and assumptions, except those otherwise noted throughout this document, were prepared by a team of Moda Health employees which includes the certifying actuary.

Actuarial Certification

I, Alex Vanos, am an employee of Moda Health Plan, Inc. and am a member in good standing of the American Academy of Actuaries.

I have reviewed this rate filing and certify that the projected index rate is:

- In compliance with all applicable Texas State and Federal Statutes and Regulations (45 CFR part 156, §156.80(d)(1))
- Developed in compliance with the applicable Actuarial Standards of Practice
- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Neither excessive nor deficient

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I further certify that:

- The index rate and only allowable modifiers as described in 45 CFR part 156, §156.80(d)(1) and 45 CFR part 156, §156.80(d)(2) were used to generate plan level rates
- The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice.
- The Federal AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans.
- This filing is consistent with the internal business plans of Moda Health.

All rates, calculations and values were developed accordance with generally accepted actuarial principles and methodologies and in accordance with the Code of Professional Conduct and the following Actuarial Standards of Practice:

- ASOP No. 5, *Incurred Health and Disability Claims*
- ASOP No. 8, *Regulatory Filings for Health Plan Entities*
- ASOP No. 12, *Risk Classification*
- ASOP No. 23, *Data Quality*
- ASOP No. 25, *Credibility Procedures Applicable to Accident and Health, Group Term Life, and Property/Casualty Coverages*
- ASOP No. 26, *Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans*
- ASOP No. 41, *Actuarial Communications*
- ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*

I meet the Academy qualification standards to render this opinion and am familiar with the specific requirements of Texas State and Federal Statutes and Regulations regarding the rating and underwriting of individual health benefit plans.



Signature

6/16/2025

Date

Alex Vanos, FSA, MAAA
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Cost-Sharing Reduction Estimate

Experience Period (1/1/2024 to 12/31/2024)

Rating Period (1/1/2026 to 12/31/2026)

Plan	CSR Level	Paid	Allowed	P/A	Differential	Est. CSRs Paid					
Moda Select Silver 3500 (\$0 Virtual Care \$2 Rx Value Tier)	100%										
	94%										
	87%										
	73%										
	70%										
Moda Select Silver 4800 (\$0 Virtual Care \$2 Rx Value Tier)	100%										
	94%										
	87%										
	73%										
	70%										
Moda Select Silver 6400 (\$0 Virtual Care \$2 Rx Value Tier)	100%										
	94%										
	87%										
	73%										
	70%										
Moda Select Texas Standard Silver	100%										
	94%										
	87%										
	73%										
	70%										
Total Estimated CSRs Paid:											
Paid without CSR:											
Paid with CSR:											
Silver Loading Based on Enrollment and CSR AV Levels:											
Silver Loading Based on Silver Paid/Allowed Ratios											