

Molina Healthcare of Texas, Inc.

Part II: Explanation of the Rate Increase Effective January 1, 2026

Molina Healthcare of Texas, Inc. is a managed care organization that provides healthcare services for individuals eligible for Medicaid, Medicare, and Marketplace throughout the State of Texas. Molina Healthcare of Texas, Inc. is a licensed state health plan managed by its parent corporation, Molina Healthcare, Inc.

1. Scope and range of the rate increase: Molina's proposed rates represent an average rate change of 29.3% for the 63,697 Molina members enrolled in continuing plans effective March 2025. The proposed rate changes vary by metal tier. Members would receive premium changes ranging from -4.9% to 31.6% depending on their plan, geographic location, and age.

2. Financial experience of the product: The proposed premium rates yield a medical loss ratio of 80.7%. The medical loss ratio represents the percentage of every premium dollar that Molina expects to spend on medical expenses and improving health care quality for our members. The projected medical loss ratio of 80.7% exceeds the Affordable Care Act minimum required loss ratio of 80.0%.

3. Changes in Medical Service Costs: Medical inflation related to the utilization and cost of covered services increased claims by 6.6%. Trend is one of the primary contributors to an increase in rates. Changes in provider contracting rates also contributes to the regional rate changes.