

## **Rate Filing Justification**

Sendero Health Plans, Inc.  
Individual On and Off Exchange Plan  
Rate Change Effective January 1, 2026

### **Scope and Range of the Rate Increase**

The proposed overall rate change for the Individual plans offered by Sendero Health Plans, Inc. (Sendero) both on and off the marketplace is 16.2 percent based on the current enrollment renewing into the plans available for 2026. The average increase varies by plan, ranging from 8.7 percent to 19.4 percent. A subscriber's actual rate increase could differ depending on the plan, geographical location, age characteristics, dependent coverage, and other factors.

### **Financial Experience of the Product**

As of February, there were 29,460 policyholders on the Sendero's Individual health insurance plans. Sendero expects the proposed rate increase will cover projected medical trends and yield a medical loss ratio (MLR) of 82 percent. This projected MLR exceeds the minimum MLR requirement of 80% as defined by the Affordable Care Act (ACA). In the event Sendero's MLR is less than the Federally required minimum for a three-year period, Sendero will refund the difference to policyholders, consistent with federal regulations. For 2025, Sendero offered plans with the most competitive premiums in its market, and was the most, or closest to, the most competitive, offering the lowest price for the broadest network. Even with an increase to our premiums we believe that Sendero product offerings will continue to be the most competitive amongst the options that will be available to consumers in 2026.

### **Changes in Medical Service Costs**

There are numerous healthcare cost trends that contribute to increase in the overall spend each year. The trend factors bear weight on health insurance premiums, which could constitute a premium rate increase to cover costs. Key trends that have affected this year's rate action include:

- Increased medical costs – reimbursement rate increases to hospitals and providers
- Pharmacy utilization and expense – price increases and a shift to high-cost specialty drugs

### **Administrative Costs and Anticipated Margins**

Sendero is committed to controlling administrative costs by exploring better technology, processes and programs that make healthcare affordable.

The proposed rate increase is anticipated to be sufficient to cover the projected benefit and administrative costs for the 2026 plan year.