Part II: Written Justification of Rate Increase

Superior Health Plan
Annual Individual Health Rate Filing
Texas
Assuming Enhanced Advance Premium Tax Credits (eAPTCs) Have Expired
And CSR Subsidies Are Unfunded
Effective January 1, 2026
Forms: 87226TX006, 87226TX007, 87226TX010, 87226TX011, 87226TX012, 87226TX013, 87226TX014

Superior Health Plan is filing rates for the individual block of business, effective January 1, 2026. This document is submitted in conjunction with the Part I Unified Rate Review Template and the Part III Actuarial Memorandum.

This information is intended for use by the Texas Department of Insurance, the Center for Consumer Information and Insurance Oversight (CCIIO), and health insurance consumers in Texas to assist in the review of Superior Health Plan's individual rate filing.

The results are actuarial projections. Actual experience will differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions.

In 2024, earned premium was $533.49 per member per month (PMPM). Incurred claims in 2024 were $271.95, or 50.98% of premium. Netting risk adjustment from the claims results in an estimated loss ratio (incurred claims net of estimated risk adjustment transfers, divided by earned premiums) of 75.72%. We expect unit costs to increase for 2026. Further, we have updated underlying experience for the single risk pool, expected administrative expense, and assumptions for federal risk adjustment. These factors, as well as changes to the assumed morbidity of the single risk pool and medical trend, result in a premium rate increase.

Medical trend, or the increase in health care costs over time, is composed of two components: the increase in the unit cost of services and the increase in the utilization of those services. Unit cost increases occur as care providers and their suppliers raise their prices. Utilization increases can occur as people seek more services than before. Additionally, simple services can be replaced with more complex services over time, which is known as service intensity trend. An example of service intensity trend would be the replacement of an X-ray with an MRI scan. Replacing the service with a more intense service causes the total cost of medical services to increase.

The proposed rate change of 36.0% applies to approximately 475,005 individuals. Superior Health Plan's projected administrative expenses for 2026 are $80.07 PMPM. Administrative expense does not include $29.26 for taxes and fees. The historical administrative expenses for 2025 were $72.77 PMPM, which excludes taxes and fees. The projected loss ratio is 86.1% which satisfies the federal minimum loss ratio requirement of 80.0%.