CAREFIRST BLUECROSS BLUESHIELD (CF)

PART II – Written Description Justifying the Rate Increase

BlueChoice, Inc. - MD is requesting an average base rate change of 18.7% to our BlueChoice single risk pool. As of 4/30/25, there are 126,167 members currently enrolled in a BlueChoice product, across all plans, who will be impacted by the rate change.

The main drivers supporting the rate change are 1) increase in the base period claims experience, 2) trend, and 3) adjustments to membership, morbidity, and risk adjustment due to the anticipated expiration of federal enhanced premium tax credit subsidies on 12/31/2025.

These products were first launched on 1/1/14. For the 2024 calendar year, BlueChoice collected $704.0 million in premium and paid out $897.4 million in claims for a loss ratio of 127.5%. BlueChoice will receive an estimated $330.2 million in reinsurance receipts and $21.1 million in risk adjustment receipts, for a post-RA/RI loss ratio of 77.6%. The proposed rate changes have been set to bring the post-RA/RI loss ratio to 83.3%.

BlueChoice has assumed a composite annualized trend of 6.5%.

The benefits for the renewing plans in this product have remained the same, except for changes necessary to maintain actuarial value.

The Value Plans have standardized cost sharing for commonly used services and must also include $0 cost sharing for certain diabetes care management services. The non-Value Plans include $0 cost sharing for covered in-person or Virtual Care preventive, PCP office visits, and MH/SUD office visits provided by Selected Providers. The non-Value HSA Plans also include pre-deductible $0 cost sharing for Select Generic Drugs.

For 2026, the number of plans being offered on the silver metal level has increased from 1 to 3.

As a percent of premium, administrative/broker expenses have decreased by 2.1% compared to last year. Pre-tax contribution to reserve is 2.0%, which is unchanged from last year.