

Thursday, July 10, 2025

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Part III Actuarial Memorandum

Blue Cross and Blue Shield of Kansas City Individual Rate Filing Effective January 1, 2026

Blue Cross Blue Shield Kansas City (BCBSKC) is submitting this filing for our non-grandfathered and non-transitional individual block of business which is intended to comply with the provisions of the Affordable Care Act (ACA), for plans effective January 1, 2026. This filing is intended to provide documentation regarding the development of the requested rates. The filing may not be appropriate for other purposes.

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Section 1. General Information

Document Overview

This document contains the Part III Actuarial Memorandum for Blue Cross and Blue Shield of Kansas City's (BCBSKC) non-grandfathered and non-transitional individual block of business, effective January 1, 2026. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template (URRT).

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I URRT, which supports compliance with the market rating rules and reasonableness of applicable rate changes. This information may not be appropriate for other purposes.

Company Identifying Information

Company Legal Name: Blue Cross and Blue Shield of Kansas City
State: The State of Kansas has regulatory authority over these policies
HIOS Issuer ID: 94248
Market: Individual
Effective Date: January 1, 2026

Company Contact Information

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Section 2. Proposed Rate Changes

Blue Cross and Blue Shield of Kansas City (BCBSKC) is requesting an average rate change of -6.1% for 2025 individual rates as compared to 2023 individual rates and calculated by the URRT. The changes vary by plan, with a minimum rate change of -10.8% and a maximum rate increase of 1.8%.

Table 2.1 summarizes proposed rate increases effective January 1, 2026, and displays significant factors driving the proposed rate increases. Note that this rate buildup is illustrative of changes occurring from 2025 to 2026, and is therefore not reflective of factors displayed in Worksheet 1, Section II of the URRT, which pertains to changes from the experience period (2024) to the projection period (2026). Factors found in The URRT are discussed in later sections.

Table 2.1 Proposed Rate Changes

[illegible]

The 2025 rate is a weighted average of current per member per month premiums for the current plans using the current distribution of membership by plan with an area factor of 1.0. As of May 2025, 1,426 lives are covered under the plans included in this rate filing. The 2026 rate is illustrative of the application of the listed factors.

Significant factors driving the proposed rate changes are discussed below.

Medical and Prescription Drug Inflation & Utilization Trend

Claim costs were increased for anticipated changes due to medical and prescription drug inflation and increased medical and prescription drug utilization. Table 2.2 (below) displays the percentage increases for these changes, as reported in Worksheet 1, Section II of the URRT. Year 1 and Year 2 each represent 12 months. A total of 24 months of trend has been applied to the experience period data.

<div>Table 2.2</div> <div>Unit Cost and Utilization Trend Assumptions</div>				
	Year 1		Year 2	
Service Type	Cost	Util.	Cost	Util.
Inpatient Hospital	-2.2%	-13.1%	-2.2%	-13.1%
Outpatient Hospital	3.0%	-4.1%	3.0%	-4.1%
Professional	3.2%	13.2%	3.2%	13.2%
Other Medical	51.8%	-22.4%	51.8%	-22.4%
Capitation	4.0%	0.0%	4.0%	0.0%
Prescription Drug	13.3%	1.8%	13.3%	1.8%

Note that Table 2.2 is reflective of Worksheet 1, Section II of the URRT which displays allowed claims trends. The annual cost and utilization trend used in table 2.1 is slightly different, as it is the paid claims trend assumed from the current period (2024) to the projection period (2026) and includes an adjustment for leverage.

Changes in Taxes, Fees, and Administrative Expenses

Changes to the overall premium level are needed because of changes to federal taxes and fees, as well as other administrative expenses. Table 2.3 (below) summarizes these changes.

The portion of the rate increase allocated to each revised non-benefit assumption can be found in the table below. These changes will impact both new and renewing plans, as they reflect anticipated expenses which will pertain to all covered members in the projection period.

<div>Table 2.3</div> <div>Anticipated Non-Benefit Expense Changes</div>			
Item	Prior Year	Effective Year	Reason for Adjustment
Risk Adjustment Admin. Fee	\$0.18	\$0.20	Per the 2026 Final Notice of Benefit and Payment Parameters
Exchange User Fee	1.5% of On-Exchange Premium	2.5% of On-Exchange Premium	Per the 2026 Final Notice of Benefit and Payment Parameters

The prior year general administrative expenses in the table above reflect the percent of premium assumption used when setting 2025 premium rates.

Change in Plan Design

Projected claims costs were impacted by changes in average member cost sharing, network, and benefit changes. In general, Blue KC has seen and projects a shift from higher-cost plans and networks into lower-cost ones from 2024 to 2026. The net average impact of member shifting and benefit changes was determined to be 0.906 as displayed in Worksheet 1, Section II of the URRT.

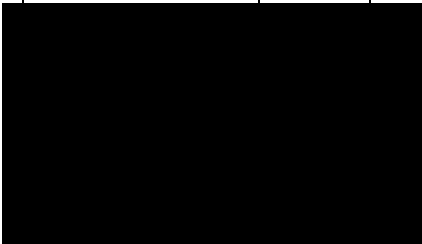
Prospective Benefit Changes

Effective January 1, 2026, plan designs were modified based on business decisions and/or updates to the CMS Actuarial Value Calculator. The changes are summarized in the tables below. Note that a blank cell indicates no change from 2025 to 2026 for the plan and benefit referenced.

Table 2.4a Prospective Benefit Changes				
	INN Deductible		INN OOP Max	
Plan ID	2025	2026	2025	2026
94248KS0560004				
94248KS0560007	\$1,500	\$2,000	\$7,800	\$8,200
94248KS0560008			\$9,200	\$10,600
94248KS0560012	\$9,200	\$10,600	\$9,200	\$10,600
94248KS0560014				
94248KS0560015				

Table 2.4b Prospective Benefit Changes		
	Preferred Brand	
Plan ID	2025	2026
94248KS0560004	\$75	Ded. + \$75

Table 2.4c Rate Impact of Benefit Changes	



Note that the benefit adjustment was calculated on a PMPM basis; therefore, the premium adjustment varies by plan.

Anticipated Single Risk Pool Morbidity, Risk Adjustment and Experience

BCBSKC’s proposed rate should reflect the anticipated statewide risk level for the enrolled population in 2026. This is necessary since the federal risk adjustment program will cause issuers to pay into the risk adjustment pool if they have better than average risk compared to the state average, and will receive funds from the pool if they have worse than average risk. In order to have funds available to pay into the pool (if our risk is better than average) or, alternatively, to not overcharge enrollees (if our risk is worse than average), rates should be established at the expected statewide average risk level. This is accomplished by basing rates on a market-adjusted index rate, which is essentially projected allowed claims per member per month, adjusted up or down based on anticipated payables and receivables from the risk adjustment program.

BCBSKC participates in the Wakely National Risk Adjustment Reporting (WNRAR) program, which provides participating issuers with reports detailing risk adjustment metrics, including estimated payables and receivables, for the ACA individual risk pool. Changes to the CMS risk adjustment methodology from one year to the next can have an impact on risk adjustment transfers. Plan level risk scores (PLRS) in one plan year are not necessarily on the same basis as those in another year, making projection of relative risk levels more difficult. As a solution, Wakely provides estimates which incorporate the impact of final risk adjustment methodologies for future years. BCBSKC relied in part on estimates provided by Wakely using the 2025 and 2026 risk adjustment methodology in projecting risk relative to the state, and subsequent risk adjustment transfers, for plan year 2026.

[REDACTED]

[REDACTED]

Rate Increases by Plan

The following table summarizes proposed rate changes by plan:

Table 2.5 Summary of Proposed Rate Changes			
Plan ID	2025 Rate	2026 Rate	Change
94248KS0560004	\$581.11	\$518.52	-10.8%
94248KS0560008	\$421.62	\$394.39	-6.5%
94248KS0560012	\$355.29	\$347.04	-2.3%
94248KS0560014	\$589.56	\$541.23	-8.2%
94248KS0560015	\$422.66	\$430.45	1.8%

Rate changes vary by plan due to a combination of factors including changes to cost sharing, shifts in benefit relativities, and estimates of the impact of cost-sharing reduction payments, which are no longer reimbursed. In regard to cost-sharing reduction payments, BCBSKC assumes that cost-sharing reduction (CSR) payments will not be reimbursed by the federal government in 2026. A payment load for CSR payments has been applied only to silver plans sold on the exchange.

Note that the base rate experience used to demonstrate the single risk pool does not reflect the experience of transitional policies, as BCBSKC does not anticipate the members in those policies will be enrolled in the relevant single risk pool plans during the projection period.

Section 3. Experience Period Premium and Claims

The experience reported on Worksheet 1, Section I of the URRT shows BCBSKC’s earned premium and enrollment for the period of 1/1/2024 through 12/31/2024, as well as incurred and paid claims for the period of 1/1/2024 through 12/31/2024, with claims paid through 4/30/2025. Per the Unified Rate Review instructions, experience period data includes data for all individual plans with experience in the experience period.

The applicable date for which current enrollment and premium is reported in Worksheet 2, Section II of the URRT is April 30, 2025. This filing does not reflect any joint policies.

No transitional business is included in the URRT, as transitional plan experience is not expected to have a material impact on the projected Index Rate.

Premiums (net of MLR Rebate) in Experience Period

The premiums earned during the experience period and as reported on Worksheet 1, Section I of the URRT are from BCBSKC’s audited financial statements for calendar year 2024.

Method for Determining Allowed Claims

Table 3.1 summarizes the experience period premium and allowed claims as listed in Worksheet 1, Section I of the URRT.

Table 3.1 Experience Period Allowed Claims and Premium									
2023 Month	Total Billed Premiums	Allowed Medical	Medical Compl. Factor	Estimated Medical	Allowed Rx	Rx Compl. Factor	Estimated Rx	Allowed Capitation	Total Claims Incl. IBNR

Allowed Claims are defined as the total payments made under the policy to healthcare providers on behalf of covered members, and include payments made by the issuer, member cost sharing, and cost sharing paid by HHS on behalf of low-income members. Consequently, they include actual payments made or estimates of costs incurred but not yet paid during the period. They also include claims not tied to a specific date of service, such as capitation or risk sharing payments, if the payments were for services provided during the Experience Period. They include claims for essential health benefits (EHB) as well as benefits other than EHB. By definition, “Allowed Claims” do not include:

- Ineligible claims such as duplicate claims, third party liabilities (e.g., coordination of benefit claims), and any other claims that are denied under the policy terms.

- Payments for services other than medical care provided (e.g., medical management, quality improvement, and fraud detection and recovery expenses) even if these amounts are included in claims for MLR reporting purposes.
- Recovery payments the issuer may receive from private reinsurance or internal large claim pooling mechanisms
- Active life reserves (policy reserves, contracts reserves, contingency reserves, or any kind of reserves except traditionally defined reserves for claims incurred but not paid) or change in such reserves

No MLR Rebates are anticipated for 2024.

Method for Determining Paid Claims

The following table summarizes the experience premium and incurred claims as listed in Worksheet 1, Section I of the URRT.

Table 3.2 Experience Period Incurred Claims and Premium									
2023 Month	Total Billed Premiums	Incurred Medical	Medical Compl. Factor	Estimated Medical	Incurred Rx	Rx Compl. Factor	Estimated Rx	Incurred Capitation	Total Claims Incl. IBNR

All paid claims processed both in and out of the claim system were included. Of this amount, 100% was processed through the claim system. An estimate of incurred but not paid claims was added to the processed amount to arrive at a final estimate of total paid claims. No estimate of incurred but not paid claims was added to the prescription drug claims or capitated claims.

Method for Determining Incurred But Not Reported Paid Claims

Liabilities for both incurred but not reported and received but not yet paid claims are determined using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. Actuarial Standards of Practice require that the claims liabilities be adequate under moderately adverse circumstances. BCBSKC determines the amount of the liability for incurred but not reported claims by following a detailed actuarial process that uses both historical claim payments as well as emerging medical cost trends.

For the most recent incurred months, the percentage of claims paid for claims incurred in those months is generally low. This makes the completion factor methodology less reliable for such months. Therefore, incurred claims for recent months are not only projected from historical completion and payment patterns; rather, they are supplemented by estimating a per member per month claims expense based on recent experience. Seasonality adjustments are utilized where appropriate. A weighting mechanism is used to develop final incurred claims estimates whereby, for a given

month, the incurred claims developed using the completion factor method and the incurred claims developed using the recent PMPM values are blended to arrive at a final estimate for the month.

Because the reserve methodology is based upon historical information, it must be adjusted for known or suspected operational and environmental changes. These kinds of changes include utilization levels, unit costs, mix of business, benefit plan designs, membership changes, large (shock) cases, provider reimbursement levels, processing system conversions and changes, claim inventory levels, claim processing patterns, and claim submission patterns. A comparison of prior period liabilities to re-estimated claim liabilities based on subsequent claims development, called a “recast” of claims, is also considered in making the liability determination. The recast serves as a check on prior calculations, and can also serve as a guide to calculate claim reserves more accurately in the future.

Method for Determining Paid Cost Sharing

Paid member cost sharing was determined by subtracting paid claims from allowed claims.

Section 4. Benefit Categories

We assigned the experience data utilization and cost information to benefit categories as shown in Worksheet 1, Section II of the Part 1 URRT based on place and type of service using a detailed claims mapping algorithm summarized as follows:

Inpatient Hospital

The inpatient hospital category includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

Outpatient Hospital

The outpatient hospital category includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.

Professional

The professional category includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.

Other Medical

The other medical category includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services and other services. The measurement units for utilization used in this category are a mix of visits, cases, procedures, etc.

Capitation

The capitation category includes all services provided under one or more capitated arrangements.

Prescription Drug

The prescription drug category includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

Section 5. Projection Factors

This section includes a description of each factor used to project the experience period allowed claims to the projection period, and supporting information related to the development of those factors.

Trend Factors (Cost/Utilization)

[REDACTED]

Morbidity Adjustment

BCBSKC's proposed rate should reflect the anticipated statewide average risk level for the enrolled population in 2026. This is necessary since the federal/state risk adjustment program will cause issuers to pay into the risk adjustment pool if they have better than average risk, compared to the state average, and will receive funds from the pool if they have worse than average risk. In order to have funds available to pay into the pool (if our risk is better than average) or, alternatively, to not overcharge enrollees (if our risk is worse than average), we should establish rates at the expected statewide average risk level.

[REDACTED]

Demographic Shift

We used the following data source(s) and methodology in order to estimate the changes in the demographic and geographic mix of the population shown in the Demographic Shift entry of Worksheet 1, Section II:

The assumption regarding changes in the mix of demographics is based on a combination of 2024 Wakely information and BCBSKC's early 2025 experience, average age by plan, and anticipated enrollment. In addition, it is assumed statewide enrollment for the projection period should follow a similar change as experienced by BCBSKC's experience to date for their ACA block of business. These projections were used to determine not only the shift in the average age of the state but also that of BCBSKC.

Plan Design Changes

[REDACTED]

Manual Rate Adjustments

Not Applicable. BCBSKC's experience in the base period is fully credible for the purposes of rate projection.

Other Adjustments

Companywide efforts have been – and continue to be – made to reduce costs, including improvements to claims processing practices, care management, and provider contracts. Savings due to these changes are captured in the Other entry of Worksheet 1, Section II.

Credibility of Experience

The CMS guidelines used for Medicare Advantage/Prescription Drug Plans (MAPD) were used to determine the credibility of the experience. These guidelines specify 24,000 member months as 100% credible for medical and specify the following formula for determination of partial credibility:

$(n / 24,000)^{(1/2)}$ for medical

$(n / 56,000)^{(1/2)}$ for prescription drugs

where n = member months in the experience period.

Since prescription drug and medical coverage are both covered, and medical services make up a significantly larger portion of the costs, the above medical formula was used for the determination of partial credibility. The use of the CMS MA/PD credibility is appropriate given that both MA/PD and Commercial cover similar benefit categories.

Resulting Credibility Level Assigned to the Base Period Experience

The credibility assigned to the experience period experience is 100%.

The following table summarizes the adjusted credibility of the experience period.

Table 5.1 Calculation of Credibility of Base Period Experience		
Description	Value	Annotation
Member Months	26,737	(a)
Full Credibility Threshold - Member Months	24,000	(b)
% Base Experience in the Manual Rate	0%	(c)
Credibility of Base Experience (no adjustment)	100%	(d) = $\text{Min}\{\sqrt{(a)/(b)}, 1\}$
Adjusted Credibility of Base Experience	100%	(e) = $[(d)-(c)] / [1 - (c)]$

Section 6. Index Rate Development

The Index Rate for the experience period is a measurement of the average allowed claims PMPM for EHB benefits. The experience period Index Rate reflects the actual mixture of smoker/non-smoker population, area factors, and the actual mixture of risk morbidity that BCBSKC received in the Single Risk Pool during the experience period. There were no additional benefits offered beyond the EHB benefits. The experience period Index Rate has not been adjusted for payments and charges under the risk adjustment and reinsurance programs, or for Marketplace User Fees.

The Projection Period Index Rate is equal to the projected total allowed claims PMPM since there are no benefits offered beyond the EHB benefits.

The following table summarizes the factors applied to the Experience Period Index Rate to determine the Projection Period Index Rate.

Table 6.1 Projection Period Index Rate Development			
Description	Experience	Manual	Total
2024 Allowed Claims PMPM	\$960.78	\$0.00	
<u>Single Risk Pool Adjustments</u>			
Trend	1.130	1.000	
Morbidity	1.059	1.000	
Demographics	0.994	1.000	
Plan Design	0.906	1.000	
Other	0.764	1.000	
Adjusted Allowed Claims PMPM	\$790.34	\$0.00	
Credibility	100%	0%	100%
Projection Period Allowed Claims PMPM			\$0.00
Non-EHB Allowed Claims PMPM			\$0.00
Projection Period EHB Allowed Claims PMPM			\$790.34

Section 7. Market-wide Adjusted Index Rate Development

The following table summarizes the factors applied to the Index Rate in the projection period to determine the Market Adjusted Index Rate.

Table 7.1 Market Adjusted Index Rate Development	
2026 Index Rate PMPM	\$790.34
<u>Market Adjustments (Paid Basis)</u>	
Risk Adjustment Transfer Amount	\$8.59
Net Federal/State Reinsurance Recoveries	\$0.00
Exchange User Fees	\$18.01
Paid to Allowed Ratio	79.35%
<u>Market Adjustments (Allowed Basis)</u>	
Risk Adjustment Transfer Amount	\$10.83
Net Federal/State Reinsurance Recoveries	\$0.00
Exchange User Fees	\$22.79
Market Adjusted Index Rate PMPM	\$802.30

The Market-adjusted Index Rate is not calibrated. This means that this rate reflects the average demographic characteristics of the single risk pool.

Each of the above modifiers were developed as follows:

Risk Adjustment Transfer Amount

[REDACTED]

Reinsurance

BCBSKC is not projecting recoveries from federal or state reinsurance programs in 2026.

Exchange User Fees

The exchange user fee adjustment was determined based on the expected distribution of on and off exchange issuer premium sold, and the assumption that a 2.5% of premium exchange user fee is applicable to all plans sold on the exchange. It has been applied as an adjustment to the Index Rate at the market level.

Section 8. Plan Adjusted Index Rate Development

The Market Adjusted Index Rate is adjusted to compute the Plan Adjusted Index Rate using the following allowable adjustments:

Actuarial Value and Cost-Sharing Design of the Plan

- The CMS Actuarial Value Calculator was used to determine the AV metal value for each plan.
- The AV & Cost Sharing pricing adjustment was developed utilizing the Milliman HCGs. Relativities between plans are based on differences in cost and utilization for varying levels of cost sharing, and do not reflect differences due to health status.
- BCBSKC will charge a tobacco surcharge in 2026, as it did in 2025.

Provider Network, Delivery System, and Utilization Management

- Products offered through each network included in this rate filing are priced based on network relativities determined using the experience of BCBSKC's book of business, and anticipated changes to provider contracts for 2026.
- Our Blue Select and Blue Metro networks are narrower and include higher discounts than our broader Preferred Care Blue network. Thus, products using the former are priced below their Preferred Care Blue counterparts.
- The Spira Care family of plans receives an additional reduction due to its narrower EPO network, and the greater level of utilization management expected by its primary care providers.

Benefits in Addition to EHBs

There are no benefits being offered above the EHBs.

Administrative Costs

This adjustment is developed to indicate the impact of non-benefit expenses, and excludes Exchange user fees, which are already accounted for in the Market Adjusted Index Rate.

Impact of CSR Load

BCBSKC assumes that cost-sharing reduction (CSR) payments will not be reimbursed by the federal government in 2026. A payment load for CSR payments has been applied only to silver plans sold on the exchange.

The CSR load factors calculated are primarily a function of the following factors:

- Projected enrollment patterns by CSR variant for on-exchange silver plan enrollees
- Projected differences in incurred claims among individuals in each CSR variant

Projected incurred claims per member per month by CSR subsidy level for all on-exchange silver plans are shown in table 8.1 below. The CSR load factor is calculated as the ratio of total projected incurred claims for all subsidy levels combined and the projected incurred claims for the non-subsidy variant alone.

Table 8.1 Projected Incurred Claims by Subsidy Level						
Plan ID	Pricing AV					Pricing AV Load Factor (B / A)
	No Subsidy	73% Subsidy	87% Subsidy	94% Subsidy	Total (B)	

Experience Period CSR Results

The following table demonstrates the development of the Plan Adjusted Index Rate for each plan in the projection period:

Table 8.2 Plan Adjusted Index Rate Development							
Plan ID	Market Adjusted Index Rate	AV & Cost Sharing	Network Adj.	Catastrophic Adjustment	Benefits in Addition to EHBs	Admin Excl. Exchange User Fee	Plan Adjusted Index Rate
94248KS0560004	\$802.30	0.9090	0.9993	1.0000	1.0000	1.2028	\$876.60
94248KS0560008	\$802.30	0.6914	0.9993	1.0000	1.0000	1.2028	\$666.74
94248KS0560012	\$802.30	0.6553	1.0437	0.8890	1.0000	1.2028	\$586.69
94248KS0560014	\$802.30	0.9085	1.0437	1.0000	1.0000	1.2028	\$914.98
94248KS0560015	\$802.30	0.7226	1.0437	1.0000	1.0000	1.2028	\$727.70
94248KS0560016	\$802.30	0.9538	0.9693	1.0000	1.0000	1.2028	\$892.17
94248KS0560017	\$802.30	0.8963	0.9693	1.0000	1.0000	1.2028	\$838.34
94248KS0560018	\$802.30	0.6822	0.9693	1.0000	1.0000	1.2028	\$638.12
94248KS0560019	\$802.30	0.9538	1.0123	1.0000	1.0000	1.2028	\$931.78

The Plan Adjusted Index Rates reflect the average demographic characteristics of the single risk pool and therefore are not calibrated.

Section 9. Calibration

A single calibration factor is applied to the Plan Adjusted Index Rates from Table 8.3 to calibrate rates for the expected age, geographic, and tobacco use distribution expected to enroll in the plan. The single calibration factor is applied uniformly across all plans.

Age Curve Calibration

The approximate weighted average age, rounded to a whole number, for the single risk pool is 49. The weighted average age curve calibration factor is 1.679.

In order to determine the calibration factor for age, the projected distribution of members by age was determined. The weighted average of the factors in the age curve was calculated using this distribution. The average age was then determined by finding the age of a member that would have the closest factor to the weighted average age curve calibration factor. Prior to applying the allowed rating factors for age, geography and tobacco, the plan adjusted Index rates need to be divided by the age curve calibration factor.

Additional information regarding the age curve can be found in Section 10.

Geographic Factor Calibration

As BCBSKC will only offer plans in one rating area in Kansas in 2026, a geographic calibration factor of 1.000 is appropriate.

Tobacco Factor Calibration

Individual enrollees over the age of 20 who self-identify as tobacco users will have a tobacco surcharge factor of 1.150 applied to premium rates, which is consistent with the factor used in plan year 2025. A tobacco calibration factor of 0.993 was calculated.

Table 9.1 demonstrates the calibration performed for each plan.

Table 9.1 Calibrated Plan Adjusted Index Rate Development						
Plan ID	Plan Adjusted Index Rate	Age Calib. Factor	Tobacco Calib. Factor	Geo. Calib. Factor	Calibration Factor	Calib. Plan Adjusted Index Rate
94248KS0560004	\$876.60	0.5957	0.9930	1.000	0.5915	\$518.52
94248KS0560008	\$666.74	0.5957	0.9930	1.000	0.5915	\$394.39
94248KS0560012	\$586.69	0.5957	0.9930	1.000	0.5915	\$347.04
94248KS0560014	\$914.98	0.5957	0.9930	1.000	0.5915	\$541.23
94248KS0560015	\$727.70	0.5957	0.9930	1.000	0.5915	\$430.45
94248KS0560016	\$892.17	0.5957	0.9930	1.000	0.5915	\$527.73
94248KS0560017	\$838.34	0.5957	0.9930	1.000	0.5915	\$495.89
94248KS0560018	\$638.12	0.5957	0.9930	1.000	0.5915	\$377.46
94248KS0560019	\$931.78	0.5957	0.9930	1.000	0.5915	\$551.16

Section 10. Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is the final premium rate for a plan that is charged to an individual, family, or small employer group utilizing the rating and premium adjustments as articulated in the applicable Market Reform Rating Rules. It is the product of the Plan Adjusted Index Rate, the geographic rating factor, the age rating factor and the tobacco status rating factor. All rating factors are described and shown below.

BCBSKC's CY2026 age and tobacco rating factors are shown below. The age rating factors used by BCBSKC are identical to those prescribed by CMS, and the same factors used in BCBSKC's 2025 Individual rate filing.

Table 10.1 Age and Tobacco Factors						
Age	Age Rating Factor	Tobacco Factor		Age	Age Rating Factor	Tobacco Factor
0-14	0.765	1.000		40	1.278	1.150
15	0.833	1.000		41	1.302	1.150
16	0.859	1.000		42	1.325	1.150
17	0.885	1.000		43	1.357	1.150
18	0.913	1.000		44	1.397	1.150
19	0.941	1.000		45	1.444	1.150
20	0.970	1.000		46	1.500	1.150
21	1.000	1.150		47	1.563	1.150
22	1.000	1.150		48	1.635	1.150
23	1.000	1.150		49	1.706	1.150
24	1.000	1.150		50	1.786	1.150
25	1.004	1.150		51	1.865	1.150
26	1.024	1.150		52	1.952	1.150
27	1.048	1.150		53	2.040	1.150
28	1.087	1.150		54	2.135	1.150
29	1.119	1.150		55	2.230	1.150
30	1.135	1.150		56	2.333	1.150
31	1.159	1.150		57	2.437	1.150
32	1.183	1.150		58	2.548	1.150
33	1.198	1.150		59	2.603	1.150
34	1.214	1.150		60	2.714	1.150
35	1.222	1.150		61	2.810	1.150
36	1.230	1.150		62	2.873	1.150
37	1.238	1.150		63	2.952	1.150
38	1.246	1.150		64 & Over	3.000	1.150
39	1.262	1.150				

The premium for family coverage is determined by summing the consumer adjusted premium rates for each individual family member, provided at most three child dependents under age 21 are taken into account.

Table 10.2 demonstrates the premium rate development for the Consumer Adjusted Premium Rate, beginning with the Calibrated Plan Adjusted Index Rate and applying the appropriate age, area, and tobacco factors.

Table 10.2 Sample Consumer Adjusted Premium Rate Development	
94248KS0560004	
Calibrated Plan Adjusted Index Rate	\$518.52
Age: 45	1.444
Area: Rating Area 1	1.000
Tobacco Status: Tobacco User	1.150
Consumer Adjusted Premium Rate	\$861.06

Section 11. Projected Loss Ratio

The projected loss ratio (MLR) is 83.5%. This is calculated using the federally prescribed MLR methodology.

Table 11.1 contains a calculation of the projected MLR, using the federally prescribed MLR methodology, for BCBSKC’s individual ACA block of business.

Table 11.1 Calculation of Projected MLR

Section 12. AV Metal Values

The AV metal values included in Worksheet 2 are entirely based on the 2025 Federal AV Calculator in the Plans and Benefits Template. No alternate methodology was applied in their development. Table 12.1 below displays these values for each product.

Table 12.1 AV Metal Values			
Plan ID	Plan Name	Actuarial Value	Source
94248KS0560004	Blue KC Choice Silver 1 with Spira Care BlueSelect EPO	0.710	Federal AV Calculator
94248KS0560008	Blue KC Choice Bronze 2 with Spira Care BlueSelect EPO	0.618	Federal AV Calculator
94248KS0560012	Blue KC Catastrophic BlueSelect EPO	0.600	Federal AV Calculator
94248KS0560014	Blue KC Standard Silver BlueSelect EPO	0.700	Federal AV Calculator
94248KS0560015	Blue KC Standard Bronze BlueSelect EPO	0.641	Federal AV Calculator
94248KS0560016	Blue KC Simply Blue Gold with Spira Care Blue Metro EPO	0.775	Federal AV Calculator
94248KS0560017	Blue KC Simply Blue Silver with Spira Care Blue Metro EPO	0.701	Federal AV Calculator
94248KS0560018	Blue KC Simply Blue Bronze with Spira Care Blue Metro EPO	0.638	Federal AV Calculator
94248KS0560019	Blue KC Standard Gold BlueSelect EPO	0.780	Federal AV Calculator

Section 13. Membership Projections

The projected membership (as displayed in Worksheet 2 of the URRRT) was determined by considering the size of the projected Kansas individual market in 2026 in the plan's service area and an assumed penetration rate of this market.

[Redacted]

[Redacted]

Table 13.1 Projected Silver Enrollment by Plan and Subsidy Level				
Plan ID	73% Subsidy	87% Subsidy	94% Subsidy	Total (CSR Subsidy)

[Redacted]

Section 14. Terminated and New Plans and Products

The following is a list of terminated plans.

Table 14.1 Terminated Plans and Products			
Plan ID	Plan Name	Plan Type	Present in Experience?
94248KS0560001	Blue KC Choice Bronze BlueSelect Plus EPO with Spira Care	EPO	Yes
94248KS0560002	Blue KC Choice Silver BlueSelect Plus EPO with Spira Care	EPO	Yes
94248KS0560005	Blue KC Choice Bronze 1 BlueSelect EPO with Spira Care	EPO	Yes
94248KS0560007	Blue KC Standard Gold Preferred-Care Blue EPO	EPO	Yes
94248KS0560009	Blue KC Saver Bronze Preferred-Care Blue EPO	EPO	Yes
94248KS0560011	Blue KC Choice Silver 2 BlueSelect EPO with Spira Care	EPO	Yes
94248KS0580002	Blue KC Choice Silver BlueSelect Plus EPO with Spira Care	EPO	Yes
94248KS0580003	Blue KC Choice Bronze BlueSelect Plus EPO with Spira Care	EPO	Yes
94248KS0580005	Blue KC Choice Silver 1 BlueSelect EPO with Spira Care	EPO	Yes
94248KS0580006	Blue KC Choice Bronze 1 BlueSelect EPO with Spira Care	EPO	Yes
94248KS0580007	Blue KC Standard Gold Preferred-Care Blue EPO	EPO	Yes
94248KS0580008	Blue KC Choice Bronze 2 BlueSelect EPO with Spira Care	EPO	Yes
94248KS0580009	Blue KC Saver Bronze Preferred-Care Blue EPO	EPO	Yes
94248KS0580011	Blue KC Choice Silver 2 BlueSelect EPO with Spira Care	EPO	Yes
94248KS0580012	Blue KC Catastrophic BlueSelect EPO	EPO	Yes
94248KS0580014	Blue KC Standard Silver BlueSelect EPO	EPO	Yes
94248KS0580015	Blue KC Standard Bronze BlueSelect EPO	EPO	Yes

BCBSKC will offer four new plans in 2026.

Table 14.2 New Plans and Products		
Plan ID	Plan Name	Plan Type
94248KS0560016	Blue KC Simply Blue Gold with Spira Care Blue Metro EPO	EPO
94248KS0560017	Blue KC Simply Blue Silver with Spira Care Blue Metro EPO	EPO
94248KS0560018	Blue KC Simply Blue Bronze with Spira Care Blue Metro EPO	EPO
94248KS0560019	Blue KC Standard Gold BlueSelect EPO	EPO

The majority of the terminated plans in the table above were terminated in PY2025, and are those which were once available only off-exchange. These were merged with their on-exchange counterparts in PY2025. Some plans were terminated in order to comply with plan offering limitations imposed by CMS, and to allow for a new narrow network product to be offered for the first time in 2026.

Section 15. Plan Type

There are no differences between the plan types BCBSKC offers in this market segment, and the plan types selected in the drop-down bx in Worksheet 2, Section I of the URRF.

Section 16. Enhanced Premium Tax Credits

[REDACTED]

The impact to Calibrated Plan Adjusted Index Rates is summarized in the table below.

Table 16.1 Enhanced Premium Subsidy Expiration Impact on Calibrated PAIR				
Plan ID (14)	2025 (Current)	Enhanced Subsidies Allowed to Expire	Enhanced Subsidies Extended	Rate Impact

[REDACTED]				
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Section 17. Reliance

I relied upon the completeness of data sourced from BCBSKC's own data warehouse to determine historic membership, claims costs, and earned premium. The data warehouse is updated and maintained by information technology professionals employed by BCBSKC. While I reviewed for reasonableness, I have not audited or verified the underlying data records.

The assumptions used in the development of projected membership and claims costs are based on an analysis of historic data from BCBSKC's data warehouse, as well as the Milliman Health Cost Guidelines. Analysis performed by BCBSKC's medical economics team informed assumptions about cost and utilization trends.

In addition to the sources mentioned above, assumptions used in the development of projected risk adjustment transfer amounts are based on information received from Wakely, as participants in the Wakely National Risk Adjustment Reporting project.

Expected outcomes are sensitive to the underlying assumptions used. Membership, claims costs, and earned premium projected in this rate filing will vary from actual results if the assumptions used in their development are not accurate.

Section 18. Actuarial Certification

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

I certify to the best of my knowledge and judgment:

1. The projected Index Rate is
 - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102)
 - 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 based on my best estimates of the 2026 individual market.
2. The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
3. The geographic rating factors used reflect only differences in the cost of delivery, and do not include differences for population morbidity by geographic area.
4. The CMS Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the URRT for all plans.

The URRT does not demonstrate the process used to develop proposed premium rates. It is representative of information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

The 2026 plan year premium rates in this actuarial memorandum are contingent upon the status of the ACA statutes and regulations including any regulatory guidance, court decisions, or otherwise.

The information provided in this actuarial memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify that rates were developed in accordance with applicable regulations, as noted.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Signed:	<u>Chase Crosby</u>
Name:	Chase Crosby, ASA, MAAA
Title:	Associate Actuary
Date:	July 10, 2025