

## EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	<u>New York Quality Healthcare Corporation (Fidelis)</u>
NAIC Code:	<u>16352</u>
SERFF Tracking #:	<u>CECO-134513476</u>
Market Segment:	<u>Individual</u>

### Fidelis Care New York New York State of Health – Individual Exchange Products Narrative Summary of Requested Rate Changes Effective January 1, 2026

You recently received a letter from Fidelis Care outlining our annual proposed premium rate adjustment filing(s) with the New York State Department of Financial Services (DFS). This Narrative Summary is designed to provide a plain-language summary of the reasons for the rate adjustment. This Summary will remain posted on our website, for a minimum of 30 calendar days from the date of our letter. Please review this information carefully and contact us or DFS, as indicated in our letter, with questions within 30 days.

#### The Components of Your Premium Rate

The components of Fidelis Care's (or any insurer's) annual premium are medical costs, administrative expenses, and profit. Medical costs include physician fees, inpatient, outpatient, and pharmacy costs. Medical costs also include certain New York State assessments, called "HCRA" and "GME". These assessments are considered medical costs because they fund medical education and compensate medical providers for providing unpaid care to the poor.

Under New York state law, at least 82 cents of each premium dollar are to be paid toward medical costs. Fidelis Care anticipates paying 84 cents.

#### Some examples of administrative expenses are:

- Fees including assessments to fund the DFS and assessments to fund risk equalization among insurers
- Taxes including the NYS Premium Tax, MTA Surcharge and Federal Income Tax
- Development and maintenance of computer systems and office buildings to comply with the demands of rapidly changing health care requirements
- Costs for improving health, including consumer education and web-based consumer support tools, promotion of wellness, and programs for managing chronic and complex medical conditions
- Maintaining the provider network as well as measuring quality and efficiency of providers
- Operating costs for items such as processing claims, correspondence and appeals, answering members' questions and providing customer service

Fidelis Care anticipates that approximately 2 cent of every premium dollar will go to profit.

### **Why are rates changing?**

Fidelis Care is annually required to review its experience and determine whether a change in premium rates is necessary. Fidelis Care files suggested premium rates with the DFS for evaluation.

To determine next year's premiums, Fidelis Care assesses its recent experience and current situation to estimate future changes in medical cost.

Having recently completed this evaluation, Fidelis Care is requesting premium increases shown in the attached Exhibit 13a. If approved, this increase will be added to your current premiums starting January 1, 2026. The rate increase affects 70,431 policyholders and 95,605 members.

It is important to note that your final premium increase or decrease will likely differ from the initial letter you received, which represents a requested but not yet approved premium adjustment. Please contact us to confirm your final rates. Most Fidelis Care members receive premium subsidies from the Federal government to lower their premiums. These subsidy levels depend on family income, size, and market premiums.

### **Fidelis Care's rate filing is driven by seven primary considerations:**

- Adjustment from actual to expected experience
- Anticipated higher medical and pharmacy costs and increased use of services by our members
- The impact of the expected expiration of the eAPTC
- Risk Adjustment transfer payment that considers the level of illness of our members
- The regulation changes of the marketplace integrity rule and the MCO tax
- The migration of the 200-250% FPL population from the Individual Market to Essential Plans (EP)
- Changes in the age and gender of those we cover as well as their level of health and wellness

Based on the drivers of the premium changes listed above, we will increase the rate by approximately 8.1% from 2025 to 2026.

Rate increases vary by metal plan and region. Plan variation is based on differences in cost-sharing and independent of health status. For both plan and region, the variation is based on actual Individual Market experience.

The breakdown of the drivers is included in the following table:

Key Drivers	2026 Rate Increase Requested
Adjustment from actual experience to pricing	7.8%
Trend	6.1%
Expiration of eAPTC	3.9%
Risk Adjustment Transfer Payment	1.9%
Impact of regulation changes	0.7%
Impact of EP Expansion	-3.0%
Demographic and Morbidity Shifts	-8.6%
<b>Total</b>	<b>8.1%</b>

The following items are not included in the 2026 rate development since insurers will be reimbursed for these items either directly from federal pass-through funds or via the Insurer Reimbursement Implementation Plan (IRIP):

1. The elimination of cost sharing associated with insulin (Applies “On” and “Off” the Exchange to all income levels).
2. The subsidies that eliminate cost sharing associated with diabetes benefits (Applies to Individual “On” Exchange only to all income levels)
3. The subsidies that eliminate cost sharing associated with maternity benefits (Applies to Individual “On” Exchange only to all income levels).
4. Revised income limits (up to 400% FPL) for the purchase of existing silver CSR plan variations (i.e., 87% Silver CSR and 94% Silver CSR – Applies to Individual “On” Exchange only).

### Final Rate Increase

Please be aware that your final renewal premium adjustment for 2026 may be different from the percentages listed in Exhibit 13a. The Superintendent of Financial Services may approve (as requested), modify or deny the proposed rate adjustment. Your final premium is also contingent on the rate adjustment approved by the New York State DFS and the impact of any premium subsidies provided by the federal government.

**EXHIBIT 13a: NUMERICAL SUMMARY AND RATE INDICATION CALCULATION**

**NUMERICAL SUMMARY**

Company: New York Quality Healthcare Corporation (Fidets)  
 NAIC Code: H892  
 SERFF Tracking #: CE020134513475  
 Market Segment: Individual

- 1 Please complete the Numerical Summary below as well as the Narrative Summary (a separate attachment) for each market segment for which a rate filing is being submitted.
- 2 The Narrative Summary must be in plain English and should clearly and simply explain the reasons for the requested rate adjustment (This should be included in the provided blank template "2026 Exhibit 13b - Narrative Summary.docx")
- 3 The purpose of the Narrative Summary is to provide a written explanation to the company's policyholders to help them understand the reasons why a rate increase is needed.
- 4 The purpose of the Numerical Summary is to provide a clear and simple overview of the requested rate adjustment.
- 5 These Summaries (with the exception of the Rate Indication Calculation Section) will be public documents and will be posted on DFS's website and furnished by DFS to the public upon request.
- 6 The company should submit these Summaries to DFS ten (10) days before submitting a rate adjustment filing.
- 7 A draft of these Summaries and of the Initial Notice must be included in a "Prior Approval Pre-filing" submitted to DFS via SERFF.
- 8 Once reviewed by DFS, these Summaries must be posted to a location on its website that is publicly available and accessible without the need for a user ID/password.
- 9 Links should be provided on key pages of the company's website so that the information may be easily located.
- 10 Any change(s) made to the Narrative Summary/Numerical Summary subsequent to the posting must be submitted to DFS with the specific change(s) identified.
- 11 Rate Change Adjustment calculations between Year 2025 and 2026 should be based on the DFS Membership Survey data as of 3/31/2025.
- 12 This exhibit must be submitted as an Excel file and as a PDF file.

**A. Average 2025 and 2026 Premium Rates:**

- 1 Weighted Average Monthly Base Premium Rates are as calculated in Row 32 of the appropriate columns in Exhibit 13c (Columns L-P for 2025 and Columns U-Y for 2026)
- 2 Premium Rates for 2026 should be Consistent with the Premium Rates reflected in Exhibit 23.

	Average Individual Rate Platinum	Average Individual Rate Gold	Average Individual Rate Silver	Average Individual Rate Bronze	Average Individual Rate Catastrophic
2025 Weighted Average Base Premium Rates	\$ 1,272.53	\$ 1,034.27	\$ 778.28	\$ 595.73	\$ 259.31
2026 Weighted Average Base Premium Rates	\$ 1,389.47	\$ 1,129.57	\$ 840.49	\$ 641.33	\$ 269.01

From Row 32, Columns L-P of Exhibit 13c

From Row 32, Columns U-Y of Exhibit 13c

**B. Weighted Average Annual Percentage Requested Adjustments:**

	2025 to 2026	2025 Weighted Average PMPM Rate All - Metals	2026 Weighted Average PMPM Rate All - Metals
Requested Rate Adjustment	8.06472%	\$ 699.72	\$ 756.15

From Cells G-74 and Z-74 of Exhibit 13c

**C. Weighted Average Annual Percentage Adjustments for each of the Past Two Years (If Applicable)\*:**

	2023 to 2024	2024 to 2025
Average Rate Adjustment Requested	18.15000%	9.82000%
Average Rate Adjustment Approved	15.87000%	5.88000%

**D. Average Medical Loss Ratio (MLR) for All Policies Impacted (Ratio of Incurred Claims to Earned Premiums) (If Applicable)\*:**

	2022	2023	2024	Projected 2025	Projected 2026
MLR	89.4%	91.1%	77.0%	72.4%	82.8%

**E. Claim Trend Rates and Average Ratios to Earned Premiums (Per Exhibit 18 Supplement for 2021-2023 and Comparable Exhibits for 2021) (If Applicable)\*:**

	2024	2025	2026
Annual Claim Trend Rates	3.1%	7.9%	8.5%
Expense Ratios	13.2%	12.8%	13.8%
Pre-Tax Profit Ratios	0.5%	1.0%	2.0%

\* If no products were offered in a particular year, indicate "N/A" in the applicable box.