

## EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	<b>Independent Health Benefits Corporation</b>
NAIC Code:	<b>47034</b>
SERFF Tracking #:	<b>NDPD-134516574</b>
Market Segment:	<b>Individual</b>

### **Summary**

Independent Health Benefits Corporation (IHBC) is requesting a premium rate change for its community-rated Individual Market products effective January 1, 2026. As described in more detail below, IHBC is seeking an overall rate change of 38.4% in 2026, primarily due to increased costs due to inflation and tariffs, and changes in risk adjustment.

These proposed rate adjustments will be submitted to the New York State Department of Financial Services on or about May 15, 2025. You will be notified of the final approved premium adjustment at least 60 days prior to your effective date of renewal.

Based on membership as of March 2025, 5,283 policyholders and 7,339 members may be affected by this proposed rate adjustment.

### **Claim Expense Trends**

Premium rates tend to rise each year because of the normal inflation of healthcare claim costs. Moreover, in addition to cost increases, utilization of healthcare services also tends to rise as new technologies, services, and prescription drugs are introduced to the marketplace.

For 2026, IHBC is projecting an overall claim expense trend of 10.8%. All else being equal, this would require a corresponding premium rate increase to keep pace with costs. However, because of other factors, IHBC is requesting a rate change **higher** than the overall claim expense trend.

### **How Your Premium Dollars are Spent**

In 2026, IHBC projects that approximately 82.1% of every premium dollar will be spent on paying claim expenses. This meets the statutory minimum requirement. The remainder of each premium dollar will be used to cover taxes and fees, administrative expenses, and contribution to margin:

(1) Taxes & Fees. The provision included in the 2026 premium rates is as follows:

- Risk Adjustment User Fee: \$0.20 Per Member, Per Month
- PCORI Fee: \$0.29 Per Member, Per Month
- MCO Fee: \$1.93 Per Member, Per Month

- For example, if a member is enrolled in a plan for the entire year, then IHBC is required to pay the following amounts:
  - Risk Adjustment User Fee = \$2.40 (\$0.20 per month for 12 months)
  - PCORI Fee = \$3.51 (\$0.29 per month for 12 months)
  - Managed Care Organization Tax = \$23.16 (\$1.93 per month for 12 months)
- How the Taxes & Fees changed from last year:
  - The Risk Adjustment User Fee increased by \$0.02 Per Member, Per Month from what was included in the 2025 premium
  - The PCORI Fee increased by \$0.02 Per Member, Per Month from what was included in the 2025 premium
  - The MCO tax is a new tax beginning in 2025 which was not included in the 2025 premium

(2) Administrative Expenses. In 2026 approximately 14.9% of every premium dollar will be spent on administrative expenses, which cover (among other things) activities such as customer service and claims processing and payment. State-mandated assessments used to fund the operations of the Department of Financial Services (DFS), which regulates insurance carriers in New York State, as well as the New York State Department of Health, which oversees the health plan marketplace, are also included as part of administrative expenses.

(3) Contribution to Reserves. All insurance carriers in New York must maintain sufficient cash reserves necessary to meet solvency requirements. In 2026, approximately 3% of each premium dollar will be earmarked for contribution to these “rainy day” funds.

### ***Risk Adjustment***

The ACA introduced several provisions, commonly referred to as the “3Rs” (reinsurance, risk adjustment, and risk corridors), designed to help level the playing field among insurers and promote competition based on quality and efficiency. Under the risk adjustment provision, insurance carriers which cover a population that is less risky than the overall insured population in their region must pay a certain portion of their premium receipts into a fund, from which carriers that cover higher-risk populations receive disbursements. IHBC received money from this fund for years 2014 through 2023 for the Individual Market, however, these amounts have been declining each year. For 2026, IHBC expects to become a net payer to Risk Adjustment and pay approximately 7.3% of the revenue required for the Individual Market from this fund. Without these funds, the overall rate change would have been about 31.1%.

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

**NUMERICAL SUMMARY**

Company: IHBC  
 NAIC Code: 47034  
 SERFF Tracking #: NDPD-134516574  
 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	\$ 1,207.47	\$ 1,015.76	\$ 826.86	\$ 621.21	\$ 371.85
2026 Weighted Average Base Premium Rates	\$ 1,764.36	\$ 1,469.02	\$ 1,125.94	\$ 861.04	\$ 512.78

**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	38.41809%	\$ 746.24	\$ 1,032.93

From Cells Q-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	39.20399%	27.65788%
Average Rate Adjustment Approved	25.26723%	24.44078%

**D. Average Medical Loss Ratios [MLR] for All Policies Impacted [Ratios of Incurred Claims to Earned Premiums] [If Applicable]\*:**

	2022	2023	2024	Projected 2025	Projected 2026
MLR	116.2%	113.3%	98.3%	90.5%	82.0%

**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	13.1%	8.0%	10.8%
Expense Ratios	13.9%	13.5%	15.0%
Pre Tax Profit Ratios	1.0%	1.0%	3.0%

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

