

Part II: Written Justification of Rate Increase

Celtic Insurance Company
Annual Individual Health Rate Filing
Missouri
Assuming CSR Subsidies are Unfunded
Effective January 1, 2026
Forms: 99723MO009, 99723MO011

2026 Premium Rate Change and Key Drivers of the Change

Celtic Insurance Company's proposed rate change is 24.4% and it applies to 207,159 members. The most significant driver of the rate increase is an increase in statewide morbidity.

A Brief Description of the Overall Experience of the Policy

Celtic Insurance Company began business in Missouri in 2018, with plans offered in 40 counties; Celtic Insurance Company's will be offering plans in 109 counties for 2026. Premium rates were reduced in 2025 and will be increased in 2026. We expect this, in addition to rising claim costs, to increase the estimated 2024 Medical Loss Ratio (MLR) of 69.3% to 84.5% for 2026. The MLR describes the percentage of premium payments used to pay medical claims and to improve the quality of care. Our estimate for 2026 is that 84.5% of premiums paid to Celtic Insurance Company's will be used to pay member claims and support activities that improve the quality of the care we offer.

Description of the Process Used to Develop the 2026 Premium

Our 2026 estimates were developed using 2024 claims and other information available through 3/31/2025, taking into account the following:

- Our 2024 claim cost was \$395.13 per member per month. This is the average monthly amount of money paid in claims for each member.
- Risk Adjustment and Statewide Average Premium - As part of the Affordable Care Act (ACA), if an insurer provides insurance to sicker people, that insurer receives money from the other insurers who provided insurance to healthier people. Our 2024 program result was used to help us set our estimate for 2026.
- Increased use of medical services - In general, insured people use more medical services over time, due in part to new treatments becoming available.
- Benefit Design - There were no changes in benefits compared to 2025.
- Cost Sharing Reduction (CSR) Subsidies - "Cost Sharing Reduction" requires us to reduce the share of medical costs that low-income members pay when they have coverage with a Silver plan.
- Administrative expense - Administrative expenses include employee pay, office expenses, and other business costs. They do not include payment for our members' medical services or taxes and fees. Projected administrative expenses for 2026 are \$80.67 PMPM, and historical administrative expenses for 2025 were \$72.96 PMPM.