

Medica Central Insurance Company

Preliminary Justification Part II – Consumer Justification Narrative

1) Scope and Range of Rate Increase

Medica Central Insurance Company (MCTIC) is requesting a rate change for its Affordable Care Act (ACA) individual market business in Missouri. The rate change will take effect on January 1, 2026 and will impact an estimated 583 members. The average rate change will be 4.6% and will result in rate changes that vary across plan designs. This includes changes to the costs of care.

MCTIC uses 2024 data from Missouri to develop premium rates. This data includes estimates of changes to the below through 2026:

- Population Medica expects to insure
- Cost of medical services
- Cost of pharmacy services
- Taxes and fees

The significant factors that impact the rate change include those listed above. Claim costs per member per month are expected to change from \$537.72 in 2024 to \$658.25 in 2026.

2) Financial Experience of the Product

In 2024, 86.6% of premium dollars went towards medical services after taxes and fees were removed. Under the ACA, individual products are required to pay at least 80% of premium dollars, after taxes and fees are removed, toward medical services.

For 2026, MCTIC is expecting that 86.8% of premium dollars will be spent on medical services.

3) Changes in Medical Service Costs

Medical cost changes, in both number of services and costs of services, make up the largest increase to MCTIC's premium rates. Additionally, impacts due to better rates with hospitals and doctors and reviewing recent experience also aid in determining premium changes. Finally, relationships with providers are helping to improve premium rates through a lower overall cost for care.

4) Changes in Benefits

MCTIC updates the plan designs offered each year, which impacts each plan's cost-sharing (e.g. deductibles, copayments, etc.). These updates follow federal rules for how much of costs the insurance company will cover under that plan. Because these updates will be different for each plan, the rate changes will also be different by plan.

5) Administrative Costs and Anticipated Margins

MCTIC expects the cost to administer coverage per member per month (PMPM) for 2026 to be \$68.69, which is higher than the 2025 value of \$65.65. The main drivers of MCTIC's administrative expenses are employee salaries and benefits, agent commissions, claim processing/IT, and clinical/network services.