

Part II: Justification for Proposed Rate Increase

BlueCross BlueShield of Montana

Individual Rate Filing

Effective January 1, 2026

Scope, Range and Best Estimate of the Rate Increase

Blue Cross and Blue Shield of Montana (BCBSMT) filed rates to be effective January 1, 2026, for its Individual ACA metallic coverage. As measured in the Unified Rate Review Template (URRT), the range of rate changes for these plans is an increase of 0.9% to an increase of 42.5%. The following are the average rate increases by product:

Product	Rate Increase
Blue Preferred	20.0%
Blue Focus	29.8%

Changes in allowable rating factors, such as age, geographical area, or tobacco use, may also impact the premium amount for the coverage.

There are currently 44,116 members on Individual Affordable Care Act (ACA) plans that may be affected by these proposed rates.

Financial Experience of the Product

Consistent with the filed URRT, earned premiums for Individual plans during calendar year 2024 were \$252,957,302 and total claims incurred were \$235,192,937.

The proposed rates effective January 1, 2026, are expected to achieve the loss ratio assumed in the rate development.

Changes in Medical Service Costs

The proposed rates reflect expected change in year over year medical service and prescription drug costs, which includes changes in reimbursement rates to providers, changes in expected utilization of services, the mix and intensity of services, and the introduction of new procedures and technologies.

Changes in Benefits

There are no legally required changes to covered benefits and no significant changes to the benefit structure. Cost-sharing changes were made within these products allowing plans to maintain their metal status, which can contribute to the change in rates.

State Reinsurance

The proposed rates reflect the impact of the state reinsurance program under SB 125.

Administrative Costs and Anticipated Margins

The Affordable Care Act expects health plans in the individual market to spend at least 80% of each premium dollar they collect to pay for medical care and activities that improve health care quality for members. If health plans fail to spend at least 80% on medical claims and health care

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quality initiatives, they are required to give back money to consumers through a premium rebate. These rates assume BCBSMT will once again exceed the 80% threshold.