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## 1. Introduction and Purpose

The purpose of this document, which is submitted in conjunction with the Part I Unified Rate Review Template (URRT), is to comply with the requirements of the Part III Actuarial Memorandum and to support the premium rates developed for Oscar Insurance Company's (Oscar's) Affordable Care Act (ACA) products in the individual market, with an effective date of January 1, 2026.

This actuarial memorandum provides certain information related to the rate filing submission including support for the values entered into the URRT, which demonstrates compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Department of Insurance and Financial Services (DIFS), the Center for Consumer Information and Insurance Oversight (CCIO), and their subcontractors to assist in the review of Oscar's individual rate filing.

Future regulatory changes may affect the extent to which the rates presented herein are neither excessive nor deficient.

## 2. General Information

### Company Identifying Information

|                     |  |
|---------------------|--|
| Company Legal Name: | Oscar Insurance Company                      |
| State:              | Michigan                                     |
| NAIC:               | 15777  |
| HIOS Issuer ID:     | 77739  |
| Market:             | Individual                                   |
| Effective Date:     | January 1, 2026                              |
| Policy Forms:       | OSC-MI-IVL-EOC-2026-HIX; OSC-MI-IVL-EOC-2026 |

### Company Contact Information

|                                  |                        |
|----------------------------------|------------------------|
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### 2025 Rate Filing Information

|                         |                     |
|-------------------------|---------------------|
| SERFF Tracking Number:  | OHIN-134085758      |
| Binder Tracking Number: | OHIN-MI25-125118114 |
| Effective Date:         | January 1, 2025     |



### 3. Proposed Rate Increases

#### Reason for Rate Increase(s)

Exhibit A summarizes the proposed rate increases by plan effective January 1, 2026. Rate increases vary by plan due to a combination of factors including shifts in benefit leveraging, cost-sharing modifications, and geographic rating factors. Using in-force business as of March 2025, the proposed average rate change for renewing plans is -3.2%. This rate change is absent of rate changes due to attained age.

The significant factors driving the proposed rate change are described in the following attribution summary and are displayed quantitatively in Table 1.

| Table 1<br>Quantitative Support of Attribution Analysis |        |
|---|--------|
| Description   | Value  |
| Claim Experience in 2024                                | -11.0% |
| Medical and Prescription Drug Trend                     | 9.2%   |
| Prospective Benefit Changes                             | 1.2%   |
| Admin, Taxes and Fees, and Risk Margin                  | 1.4%   |
| Changes in Morbidity                                    | 5.6%   |
| CSR Re-funding  | -9.6%  |
| Total   | -3.2%  |

#### *Claim Experience in 2024*

Oscar's rates are developed using a single risk pool, established according to the requirements in 45 CFR Part 156, §156.80(d). The experience period data is based on all Oscar individual market policies in Michigan and the projection period reflects all projected covered lives for every non-grandfathered product/plan combination for Oscar in the Michigan individual market.

The factor included in Table 1 represents the impact to premium due to assumptions inherent in the projected risk adjustment transfer — namely increases to the statewide average premium and changes to the Health and Human Services Hierarchical Condition Categories (HHS-HCC) coefficients — and anticipated impacts due to changes in both the level of prescription drug rebates and the pooling of high cost claimants.

#### *Medical and Prescription Drug Inflation and Utilization Trends*

The projected premium rates reflect the most recent emerging experience which was trended for anticipated changes due to medical and prescription drug inflation and utilization. Average cost trends were developed based on Oscar's anticipated reimbursement levels. Utilization trends were developed at the broad service category level: inpatient facility, outpatient facility, professional, other, and prescription drugs.

#### *Prospective Benefit Changes*

Plan benefits have been revised as a result of changes in the Center for Medicare and Medicaid Services (CMS) Actuarial Value Calculator and state requirements, as well as for strategic product considerations.



#### *Administrative Expenses, Taxes and Fees, and Risk Margin*

Changes to the overall premium level are needed because of required changes in federal and state taxes and fees. In addition, there are anticipated changes in both administrative expenses and targeted risk margin.

#### *Anticipated Changes in the Average Morbidity of the Covered Population*

Changes to the overall premium level are needed because of anticipated changes in the underlying morbidity of the projected marketplace.

#### *CSR Funding*

Prior rates assumed that CSR subsidies would not be funded by the federal government and the resulting shortfall was applied as a load to on-exchange silver plans. This filing assumes re-funding of CSR subsidies and therefore removes the application of this load.

#### *Rate Development Overview*

The plans included in this rate filing are to be offered for sale effective January 1, 2026. Oscar's rate development, including the methodology described below, is based on generally accepted actuarial principles for community rated individual blocks of business.

#### *Underlying Claim Experience*

Oscar started with Michigan's individual claim experience from January 1, 2024 through December 31, 2024, with runout through March 31, 2025, as the experience basis in the projection. The claim amount includes an estimate for Incurred But Not Reported (IBNR) claims.

In the absence of fully credible base experience claim data, Oscar also utilized Florida individual claim experience from Oscar's legal entity (Oscar Insurance Company of Florida; NAIC code 16374) as the manual rate basis in the projection. The base experience used for the manual projection reflects claims from January 1, 2024 through December 31, 2024, with runout through March 31, 2025, and includes an estimate for IBNR claims.

#### *Trend*

Oscar applied utilization and unit cost trends to the underlying medical and prescription drug claims to reflect the expected claim levels in the projection period.

#### *Benefit Adjustment*

The projected claims were adjusted to reflect the benefits for each of the products to be offered on and off the exchange.

#### *Demographics and Morbidity*

The starting claim experience was adjusted to reflect changes in the anticipated morbidity and demographics corresponding to Oscar's projected 2026 membership distribution.

#### *Market Morbidity*

The starting claim experience was additionally adjusted to reflect changes in the anticipated market morbidity from the base period to the projection period.

#### *Network Adjustment*

The projected claims were adjusted to reflect changes in the anticipated provider reimbursement levels and network configuration.

#### *Risk Adjustment*



The projected claims were adjusted to reflect payments to the individual (catastrophic and non-catastrophic) risk pool as a result of the risk adjustment program.

#### *Administrative Expenses and Risk Margin*

The premium incorporates an average 17.1% administrative charge, which is inclusive of general administrative expenses, commission, and risk margin.

#### *Taxes and Fees*

The premium rates reflect applicable state and federal taxes and fees for the 2026 plan year.

## 4. Market Experience

### 4.1. Experience and Current Period Premium, Claims, and Enrollment

Oscar's rates are developed using a single risk pool, established according to the requirements in 45 CFR Part 156, §156.80(d). The experience period data is based on all Oscar individual market policies in Michigan and the projection period reflects all projected covered lives for every non-grandfathered product/plan combination for Oscar in the Michigan individual market.

The premium earned during the experience period and as reported on Worksheet 1, Section I of the URRT are from Oscar's data warehouse for calendar year 2024. The premiums do not reflect an adjustment for MLR rebates as Oscar does not anticipate paying rebates for the base period.

#### **Paid Through Date**

The experience period in Worksheet 1, Section I of the URRT shows Oscar's earned premium and incurred claims for the experience period of January 1, 2024 through December 31, 2024, with claims paid through March 31, 2025.

#### **Current Date**

The current period in Worksheet 2, Section II of the URRT shows Oscar's premium and enrollment using in-force business as of March 2025.

#### **Allowed and Incurred Claims Incurred During the Experience Period**

Oscar's calendar year 2024 medical and pharmacy claim data was used for developing the single risk pool claims. Worksheet 1, Section I of the URRT outlines Oscar's best estimate of claims incurred during the experience period. The estimate includes:

- Claims processed through Oscar's claim system,
- Claims processed outside of the claim system (e.g. pediatric dental and vision services), and
- Oscar's best estimate of IBNR.

Oscar's claim reserves consists of liabilities for both claims incurred but not reported ("IBNR") and reported but not yet processed through our systems that are determined by employing actuarial methods that are commonly used by health insurance actuaries. The completion factor development method is utilized for non-catastrophic claims (under \$250,000), supplemented by a projected per-member per-month (PMPM) claims methodology for generally the most recent two months. Projected PMPMs are developed from the Company's historical experience and adjusted for emerging experience data in the preceding months, which may include adjustments for known changes in estimates of recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, claim inventory levels, product mix, and workday seasonality. A



seriatim methodology is utilized for single catastrophic claims (over \$250,000), supplemented by known open cases that are in various stages of review by Oscar's medical management team, or under bill audit review. A separate accrual process is also employed to develop reserves for exposure related to out-of-network and other provider disputed claims.

## 4.2. Benefit Categories

The benefit categories described below are based on the algorithm used by Milliman's *Health Cost Guidelines*<sup>TM</sup> (HCGs). The HCG grouper uses a combination of Diagnosis Related Groups (DRGs), Current Procedural Terminology Codes – Fourth Edition (CPT-4 Codes), Healthcare Common Procedural Coding System codes (HCPCS), and revenue codes to allocate detailed claims into roughly 60 benefit categories.

The utilization and unit cost data for rate development were assigned to benefit categories as shown in Worksheet 1, Section I of the URRT based on place and type of service using a detailed claim mapping algorithm, which can be summarized as follows:

### Inpatient Hospital

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

### Outpatient Hospital

Includes non-capitated facility services for surgical, emergency room, ancillary, observation and other services provided in an outpatient facility setting and billed by the facility.

### Professional

Includes non-capitated primary care, specialty care, therapy, the professional component of laboratory and radiology, and other professional services, except for hospital based professionals whose payments are included in facility fees.

### Other Medical

Includes non-capitated ambulance, home health care, durable medical equipment, prosthetics, supplies, vision exams, dental services and other services. The measurement units for utilization used in this category are a mix of visits, cases, and procedures.

### Capitation

Includes the amount for any services that are provided on a capitated basis.

### Prescription Drug

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

## 4.3 Projection Factors

This section includes a description of each factor used to project the experience period allowed claims to the projection period, supporting information related to the development of those factors is also included.

### Trend Factors – Cost and Utilization

Average cost trends were developed based on Oscar's anticipated reimbursement levels. Utilization trends were developed at the broad service category level: inpatient facility, outpatient facility, professional, other, and prescription drugs. Utilization trend assumptions were generally estimated using Milliman's HCG secular utilization trend levels, which are based on large data sets and are widely used by insurers and others to estimate expected claim costs and model healthcare utilization.



Table 2 provides the annualized trend assumptions that were used to adjust the allowed claims from the experience period to the projection period. The overall trend used to get from the experience period to the projection period is based on an unleveraged prospective annual trend of 9.2%.

| Table 2<br>Annual Trend Assumptions |             |           |       |
|-------------------------------------|-------------|-----------|-------|
| Benefit Category                    | Trend       |           |       |
|                                     | Utilization | Unit Cost | Total |
| Inpatient                           | 0.5%        | 12.9%     | 13.4% |
| Outpatient                          | 0.5%        | 9.7%      | 10.2% |
| Physician                           | 0.6%        | 2.6%      | 3.2%  |
| Other                               | 0.6%        | 2.6%      | 3.2%  |
| Capitation                          | 0.0%        | 0.0%      | 0.0%  |
| Prescription Drug                   | 5.2%        | 8.0%      | 13.6% |
| Grand Total                         | 1.2%        | 7.8%      | 9.2%  |

The trend factors by benefit category are included in the “Year 1 Trend” and “Year 2 Trend” entries on Worksheet 1, Section II of the URRT.

#### Adjustments to Trended EHB Allowed Claims PMPM

##### *Morbidity Adjustment*

The starting claim experience was adjusted to reflect changes in the anticipated morbidity corresponding to Oscar’s projected demographic mix and membership distributions.

A second adjustment was included to reflect changes in the anticipated market morbidity in response to the uncertainty inherent in the marketplace. Specifically, Oscar anticipated changes to the market morbidity associated with the change in Michigan’s enrollment for the projection period relative to the experience period, due to the ending of the enhanced subsidies introduced by the American Rescue Plan Act, as well as the several new procedures and requirements introduced by the 2025 Marketplace Integrity and Affordability Proposed Rule, and the re-funding of CSR subsidies.

These adjustments reflect the projected change in claim costs outside of the underlying demographics of the covered population and were also assumed when estimating the risk adjustment transfer for the projection period.

A combined factor of 1.149 is included in the “Morbidity Adjustment” entry on Worksheet 1, Section II of the URRT.

##### *Demographic Shift*

An adjustment was included to account for the anticipated changes in demographic mix — in both age/gender and geography — between the experience period and the projection period.

A factor of 1.031 is included in the “Demographic Shift” entry on Worksheet 1, Section II of the URRT.

##### *Plan Design Changes*

Oscar applied an adjustment to account for the anticipated changes in the average utilization of services due to differences in average cost sharing requirements between the experience period and projection period. Plan behavior change factors were applied at the plan level using factors developed from Oscar’s risk adjusted individual claim experience. The resulting allowed and net claim costs for each plan reflect differences due to cost sharing and the impact of plan behavior change only, and not due to health status.

Oscar additionally attests that it is in compliance with the requirements of DIFS’s Order No. 14-017-M regarding autism.



A factor of 1.012 is included in the "Plan Design Changes" entry on Worksheet 1, Section II of the URRT.

#### *Other Adjustments – Prescription Drug Rebates*

An adjustment of 0.949 was included to account for the anticipated changes in the level of prescription drug rebates between the experience period and projection period.

#### *Other Adjustments – Pooling Charge*

An adjustment of 1.011 was included to account for Oscar experiencing lower than expected shock claims during the experience period. In this context, a shock claim is defined as annual costs in excess of \$750,000 per individual claimant.

#### *Other Adjustments - Combined*

A combined factor of 0.958 is included in the "Other" entry on Worksheet 1, Section II of the URRT.

### **Manual Rate Adjustments**

Since Oscar's base experience in Michigan is partially credible, a manual rate methodology was additionally developed for rating purposes as described in this section. The adjustments described below were used to develop the Manual EHB Allowed Claims PMPM entry on Worksheet 1, Section II of the URRT.

#### *Source and Appropriateness of Experience Data Used*

Oscar started with individual claim experience from January 1, 2024 through December 31, 2024, with runout through March 31, 2025, as the manual rate basis in the projection. The starting claim experience is from Oscar's legal entity (Oscar Insurance Company; NAIC code 16374) offering in the Florida individual market.

In accordance with *Actuarial Standards of Practice (ASOP) #25 — Credibility Procedures*, Oscar's internal credibility manual, determined from statistical relationships inherent in nationwide experience in the individual market, assigns full credibility at 85,000 member months. Oscar's manual includes 9,581,749 member months and is considered fully credible for purposes of developing claim projections.

#### *Adjustments Made to the Data*

Exhibit B summarizes the adjustment factors, as described in this section, used to project the manual rate claims on an allowed basis to the projection period.

- Incurred But Not Reported

The starting claim experience represents Oscar's best estimate of claims incurred during the manual period. The estimate includes:

- Claims processed through Oscar's claim system,
- Claims processed outside of the claim system (e.g. pediatric dental and vision services), and
- Oscar's best estimate of IBNR.

Oscar's claim reserves consists of liabilities for both claims incurred but not reported ("IBNR") and reported but not yet processed through our systems that are determined by employing actuarial methods that are commonly used by health insurance actuaries. The completion factor development method is utilized for non-catastrophic claims (under \$250,000), supplemented by a projected per-member per-month (PMPM) claims methodology for generally the most recent two months. Projected PMPMs are developed from the Company's historical experience and adjusted for emerging experience data in the preceding months, which may include adjustments



for known changes in estimates of recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, claim inventory levels, product mix, and workday seasonality. A seriatim methodology is utilized for single catastrophic claims (over \$250,000), supplemented by known open cases that are in various stages of review by Oscar's medical management team, or under bill audit review. A separate accrual process is also employed to develop reserves for exposure related to out-of-network and other provider disputed claims.

- Trend Factors – Cost and Utilization

Average cost trends were developed based on Oscar's anticipated reimbursement levels. Utilization trends were developed at the broad service category level: inpatient facility, outpatient facility, professional, other, and prescription drugs. Utilization trend assumptions were generally estimated using Milliman's HCG secular utilization trend levels, which are based on large data sets and are widely used by insurers and others to estimate expected claim costs and model healthcare utilization.

Table 3 provides the annualized trend assumptions that were used to adjust the allowed claims from the manual period to the projection period. The overall trend used to get from the manual period to the projection period is based on an unleveraged prospective annual trend of 4.2%.

| Table 3<br>Annual Trend Assumptions |             |           |       |
|-------------------------------------|-------------|-----------|-------|
| Benefit<br>Category                 | Trend       |           |       |
|                                     | Utilization | Unit Cost | Total |
| Inpatient                           | 0.4%        | 4.5%      | 4.9%  |
| Outpatient                          | 0.4%        | 3.8%      | 4.3%  |
| Physician                           | 0.6%        | 1.0%      | 1.6%  |
| Other                               | 0.6%        | 1.0%      | 1.6%  |
| Prescription Drug                   | 5.0%        | 5.1%      | 10.4% |
| Grand Total                         | 1.0%        | 3.2%      | 4.2%  |

- Plan Design Changes

Oscar applied an adjustment to account for the anticipated changes in the average utilization of services due to differences in average cost sharing requirements between the manual period and projection period. Plan behavior change factors were applied at the plan level using factors developed from Oscar's nationwide risk adjusted individual claim experience. The resulting allowed and net claim costs for each plan reflect differences due to cost sharing and the impact of plan behavior change only, and not due to health status.

A second adjustment was included to account for anticipated changes in underlying benefit coverage between the manual period and the projection period capturing inherent differences in EHBs, state mandated benefits, and eliminated benefits.

A combined factor of 0.992 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Demographic Shift

An adjustment was included to account for the anticipated changes in demographic mix — in age and gender — between the manual base period and the projection period.





A factor of 1.050 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Changes in the Morbidity of the Covered Population

The starting claim experience was adjusted to reflect changes in the anticipated morbidity corresponding to Oscar's projected demographic mix and membership distributions.

A second adjustment was included to reflect changes in the anticipated market morbidity in response to the uncertainty inherent in the marketplace. Specifically, Oscar anticipated changes to the market morbidity associated with the change in Michigan's enrollment for the projection period relative to the experience period, due to the ending of the enhanced subsidies introduced by the American Rescue Plan Act, as well as the several new procedures and requirements introduced by the 2025 Marketplace Integrity and Affordability Proposed Rule, and the re-funding of CSR subsidies.

Lastly, an adjustment was made to account for the anticipated changes in market morbidity between the Florida and Michigan's individual markets. To estimate the market morbidity impact, Oscar relied upon the completed regression results in The Wakely National Risk Adjustment Reporting Project (WNRAR) provided to Oscar to estimate the market wide plan liability risk score, allowable rating factor, actuarial value, and induced demand factor for the Florida and Michigan individual markets.

These adjustments reflect the projected change in claim costs outside of the underlying demographics of the covered population and were also utilized when estimating the risk adjustment transfer for the projection period.

A combined factor of 0.888 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Change in Network

Oscar applied an adjustment to account for anticipated changes in provider reimbursement levels between the manual period and projection period. The reimbursement changes are in response to modifications to Oscar's underlying contracts with its providers.

A factor of 0.976 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Prescription Drug Rebates

An adjustment was included to account for the anticipated changes in the level of prescription drug rebates between the manual period and projection period.

A factor of 0.993 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.

- Pooling Charge

An adjustment was included to account for Oscar experiencing lower than expected shock claims during the manual period. In this context, a shock claim is defined as annual costs in excess of \$750,000 per individual claimant.

A factor of 1.001 is included in the "Manual EHB Allowed Claims PMPM" entry on Worksheet 1, Section II of the URRT.



Credibility of Experience

In accordance with *Actuarial Standards of Practice (ASOP) #25 — Credibility Procedures*, Oscar’s internal credibility manual, determined from statistical relationships inherent in nationwide experience in the individual market, assigns full credibility at 85,000 member months. Oscar’s experience includes 32,136 member months and is considered 61.5% credible for purposes of developing claim projections. Furthermore, the base period experience was not used to develop the manual rate, so there is no double counting of base period experience.

Establishing the Index Rate

Experience Period

As shown in Worksheet 1, Section II of the URRT, the experience period index rate is \$264.64. The experience period index rate reflects the estimated total combined allowed essential health benefit (EHB) claim experience in the single risk pool, and is not adjusted for payments and charges under the risk adjustment program or for marketplace user fees.

Projection Period

The index rate is defined as the EHB portion of projected allowed claims with respect to trend, benefit, and demographics and divided by all projected single risk pool lives. Oscar’s projection period index rate for the 2026 plan year as shown in Worksheet 1, Section II of the URRT is \$388.40.

Development of the Market-Wide Adjusted Index Rate

The market-adjusted index rate is calculated as the sum of the projection period index rate, the impact of the risk adjustment program, and the projected exchange user fees. Table 4 details the projection period index rate, allowable market-wide modifiers as defined in 45 CFR Part 156, §156.80(d), and the resulting market-adjusted index rate.

| Table 4                               |          |
|---------------------------------------|----------|
| Market-Adjusted Index Rate            |          |
| Description                           | Value    |
| Projection Period Index Rate          | \$388.40 |
| Net Impact of Risk Adjustment Program | \$123.08 |
| Exchange User Fees                    | \$16.58  |
| Market-Adjusted Index Rate            | \$528.06 |

The adjustments in the table above reflect all of the market-wide modifiers allowed in federal regulation and the average demographic characteristics of the single risk pool. Please note the allowable market-wide modifiers were adjusted to an allowed basis in the development of the market-adjusted index rate which is consistent with the basis of the projected index rate.

Reinsurance

Not Applicable

Risk Adjustment Payment/Charge

To estimate the risk adjustment PMPM, Oscar relied upon the results of the The Wakley National Risk Adjustment Reporting Project supplied to Oscar by Wakely to estimate the market wide plan liability risk score, allowable rating factor, actuarial value, and induced demand factor for the individual market. The statewide average premium estimates relied on results from the Interim Summary Report on Risk Adjustment for the 2024 Benefit Year published by CMS on March 14, 2025. Oscar’s geographic cost factor was also adjusted based on the anticipated geographic mix for the 2026 plan year.

Oscar modeled two independent risk adjustment transfers to appropriately correspond with the risk profile of the members in the underlying experience and manual projections. For the risk adjustment transfer that corresponds to the



experience projection, Oscar relied upon projected risk and rating factors that are specific to the experience period in the Michigan market. For the risk adjustment transfer that corresponds to the manual projection, Oscar crosswalked the market metrics — plan liability risk score, statewide average premium, and geographic cost factors — from the manual period (i.e. Florida market) to the projection period (i.e. Michigan market) while maintaining similar relative risk profiles by metal level. The two risk adjustment transfers were then blended by the same credibility weighting used to project allowed claims.

Additional adjustments were made to account for the anticipated changes in the Health and Human Services Hierarchical Condition Categories (HHS-HCC) risk adjustment coefficient changes from the 2024 plan year to the 2026 plan year, for both Oscar and the market. These adjustments were determined from the HHS Risk Weight Conversion Tool that was supplied to Oscar by Wakely.

Oscar also included an adjustment to account for the anticipated impact of the Risk Adjustment Data Validation (RADV) audit on the 2026 plan year. To estimate the RADV impact, Oscar relied on historical nationwide experience in the individual market, measured anticipated risk adjustment coding error rates inherent in the 2021 and 2022 plan year, and forecasted those error rates to the projection period. The RADV impact is estimated as a payment of \$0.00 PMPM

Lastly, Oscar considered the impact to the projected risk adjustment transfer for the addition of the high-cost risk pooling mechanism that was implemented starting with the 2018 plan year.

The projected risk adjustment transfer, net of the risk adjustment user fee and expressed on an allowed basis, is estimated as a payment of approximately \$123.08 and is reflected in Worksheet 1, Section II of the URRT.

Any resulting risk adjustment transfer payments would be allocated proportionally across all plans in Oscar’s individual market single risk pool.

Detailed quantitative support of the risk adjustment transfer projection is provided in Exhibit C.

*Exchange User Fees*

Oscar assumed that 99.4% of gross premiums will enroll through the exchange which translates to an estimated exchange user fee assessment of \$12.10 PMPM. Development of this estimate is provided in Table 5.

| Table 5                            |          |               |
|------------------------------------|----------|---------------|
| Exchange User Fee PMPM Development |          |               |
| % of Membership, On-Exchange       | 99.4%    | A             |
| Exchange Fee, % of Premium         | 2.50%    | B             |
| Indicated Premium PMPM             | \$486.80 | C             |
| Exchange Fee PMPM                  | \$12.10  | D = A x B x C |

The projected exchange user fee, expressed on an allowed basis, is estimated as a payment of approximately \$16.58 and is reflected in Worksheet 1, Section II of the URRT. Thus, the impact of the exchange user fee, when expressed on a market-adjusted index rates basis, was based on an overall assessment of 3.1%, weighted on the projected premium associated with the distribution of membership expected to enroll on the exchange.

4.4. Plan-Adjusted Index Rate  
Projected Plan-Adjusted Index Rates

Exhibit D summarizes the plan-adjusted index rates, which are determined by applying the allowable plan-level modifiers to the market-adjusted index rate.



The allowable modifiers as described in 45 CFR Part 156, §156.80(d)(2) are the following:

#### *Actuarial Value and Cost-Sharing*

Each plan's actuarial value and cost-sharing factor includes a benefit relativity adjustment and the expected impact of the plan's cost sharing amounts on the member's utilization of services. Oscar's internal benefit pricing model, which uses a single claim distribution for all plans, was used to estimate how members purchase services differently based on the level of plan-specific cost sharing. By utilizing a static claim distribution, the pricing model's adjustments assume the same demographic and risk characteristics for each plan priced and therefore exclude expected differences in the health status of members assumed to select each plan.

Each plan's actuarial value and cost-sharing factor includes a benefit relativity adjustment and the expected impact of the plan's cost sharing amounts on the member's utilization of services. Benefit relativity is developed from Oscar's internal model which re-adjudicates Oscar's claims, assuming a single claims distribution, based on new benefit designs. This enables Oscar to model detailed plan designs and their impact on benefit relativities. By using a static claim distribution, the pricing model's adjustments assume the same demographic and morbidity characteristics for each plan priced and therefore excludes expected differences in the health status of members assumed to select into each plan.

The induced demand due to each plan's cost sharing level is estimated using aggregated nationwide allowed claim costs, normalized to remove the impacts of underlying morbidity, health status, and demographics. The resulting relativities between metals are then determined to represent the inherent induced demand.

#### *Plan's Provider Network and Delivery System Characteristics*

There are no anticipated plan-specific differences in the provider network or utilization management practices in Oscar's projected product suite.

#### *Plan Benefits in Addition to the EHBs*

Oscar's product suite will not cover benefits for any non-EHB services.

#### *Administrative Costs, Excluding Exchange User Fee*

The net claims costs are adjusted to account for expected non-benefit expenses. The resulting administrative cost factors inherent in the plan-adjusted index rate development are not static due to the application of fixed cost allocation on a PMPM basis as opposed to a percent of premium basis. As documented in the market rating rules, 45 CFR 156.80(d)(2), administrative costs are permitted plan-level adjustments to the index rate. Administrative costs in this context include administrative expenses, taxes and fees (excluding exchange user fees), and profit/risk loads.

Oscar modeled the plan-adjusted index rate development to allocate the fixed cost portion of total administrative expense on a PMPM basis to more appropriately align with the economics of the business.

Exhibit E summarizes the components of the administrative cost factor as shown in Worksheet 2, Section III of the URRT.

#### *Expected Impact of the Specific Eligibility Categories for the Catastrophic Plan*

A specific eligibility adjustment reflects the difference in expected demographics between the catastrophic plan and the non-catastrophic plans due to the unique eligibility requirements of the catastrophic plan (i.e. that only individuals under the age of 30 or eligible by reason of financial hardship can enroll). This adjustment reflects that costs vary by age and the cost of the population expected to enroll in the catastrophic plan is anticipated to be lower than non-catastrophic plans.

Oscar is proposing no change to the currently approved catastrophic eligibility adjustment.



## 4.5. Calibration

A composite calibration adjustment is applied uniformly to all plans. Detailed support of the calibration factor is provided in Exhibit F. The market-wide calibration factor is 1.656.

### Age Curve Calibration

The average age factor used in the calibration process is 1.652 and was determined by applying the standard age curve established by HHS to the projected member distribution by age, with an adjustment for non-billable members who exceed the maximum of three child dependents under the age of 21 rule.

Under this methodology, the approximate average age, rounded to the nearest whole number, associated with the single risk pool is 48.

### Geographic Factor Calibration

The average geographic rating factor is 1.000. In order to determine the geographic calibration factor the projected distribution of members by area was determined. The weighted average of the area factors was then calculated using this distribution.

Exhibit G provides a summary of the proposed geographic rating factors applied to the plan-adjusted index rates.

### Tobacco Factor Calibration

The average tobacco rating factor used in the calibration process is 1.003.

The tobacco factors by age were developed using a Milliman research report titled *Impact of Height, Weight, and Smoking on Medical Claim Costs*, which tabulates the medical claim costs by age for smokers and non-smokers using a government data source, the Medical Expenditure Panel Survey (MEPS). Smoker prevalence rates, which were utilized above to develop the tobacco calibration factor, were based on Oscar's empirical data, and are not anticipated to be substantially different in the projection period.

Oscar is proposing no change to the currently approved tobacco rating factors.

## 4.6. Consumer-Adjusted Premium Rate Development

Oscar derives consumer-adjusted premium rates by calibrating the plan-adjusted index rate and applying the rating factors specified by 45 CFR Part 147, §147.102. Exhibit H includes the proposed rate manual and a sample rate calculation.

## 5. Projected Loss Ratio

Oscar's projected loss ratio based on the federally-prescribed MLR methodology is 83.0%. The numerator of the projected loss ratio contains claim costs and HCQI expenses net of receipts from the risk adjustment program and the denominator consists of total premiums net of premium taxes and regulatory fees. Note the MLR in this context does not capture all adjustments, including multi-year averaging, credibility, and deductible averaging.

This projection meets the minimum loss ratio of 55.0% for guaranteed renewable individual forms as documented in Michigan Administrative Code R500.801-806.

Summaries of the components included in the loss ratio projections under both the federally-prescribed methodology and the Michigan methodology are provided in Exhibit I.



## 6. Plan Product Information

### 6.1. AV Metal Values

The AV metal values included in Worksheet 2, Section I of the URRT were based solely on the HHS actuarial value calculator.

### 6.2. Membership Projections

Oscar projected membership as displayed in Worksheet 2, Section IV of the URRT by considering the size of the projected Michigan individual market in 2026 as well as our historical enrollment patterns of the Michigan individual market, to estimate our assumed market penetration rate and member months projection. For silver level plans in the individual market, an estimate was made for the portion of projected enrollment that will be eligible for CSR subsidies at each subsidy level.

Exhibit J summarizes the membership projection by metal level, including the alternative variant silver plans which CSR eligibles can purchase, and exchange status.

### 6.3. Plan Type

The plan types listed in Worksheet 2, Section I of the URRT appropriately describe Oscar's plans.

## 7. Miscellaneous Information

### 7.1. Effective Rate Review Information

#### CSR Subsidies

Oscar assumed that CSR subsidies will be fully funded by the federal government for the 2026 plan year.

#### Terminated Products

Exhibit K summarizes both the discontinued plans that were included in the single risk pool during the experience period or made available thereafter and the corresponding mapped plans.

#### Marketing Method

Oscar will market individual policies through the federally facilitated marketplace, direct sales channels and broker arrangements.

#### Renewability

The products offered within this filing are all guaranteed issue (i.e., no medical underwriting) and guaranteed renewable as required under the ACA. This rate filing applies to non-grandfathered plans only that are open to new sales. Premiums will be charged on a monthly basis and are guaranteed for the duration of the 2026 plan year.

#### Issue Age Limit

No age limits apply to the plans represented in this filing. Dependent children are eligible for coverage up to and including age 25.

#### Enhanced Subsidy Continuation Alternative Rates

In the event that the American Rescue Plan Act enhanced subsidies are extended throughout the 2026 plan year, Oscar anticipates a change to morbidity trend and exchange fees of -3.8% and -0.3%, respectively. This results in a final rate change of -6.7%. This estimate is preliminary and is subject to change should there be any other regulatory



developments impacting the Individual Exchanges, including but not limited to, changes to the 2025 Marketplace Integrity and Affordability Proposed Rule, changes to the enhanced subsidy structure, and the potential funding of Cost Sharing Reductions.

**Brief Description of Benefits**

Oscar offers Exclusive Provider Organization (EPO) plans which provide comprehensive medical benefits for services within the described provider network. Benefits and services are subject to a combination of cost-sharing provisions such as deductibles, coinsurance, and copayments. All EHBs outlined in the state benchmark plan are covered. These plan design options are summarized in the actuarial value screenshots, included in this rate filing as a separate attachment, with their corresponding HIOS IDs.

**Paid-to-Allowed Ratio**

Table 6 provides support for the average projected paid-to-allowed ratio. The average projected allowed and net claim PMPM reflect the member month weighted average from Worksheet 2, Section IV of the URRT.

| Table 6                         |          |
|---------------------------------|----------|
| Projected Paid-to-Allowed Ratio |          |
| Description                     | Value    |
| Allowed Claim PMPM              | \$388.40 |
| Net Claim PMPM                  | \$283.46 |
| Paid-to-Allowed Ratio           | 0.730    |

Membership projections and paid-to-allowed ratios by plan, consistent with Worksheet 2 of the Rate Review Data Template, are summarized in Exhibit D.

**Reconciliation to the Supplemental Healthcare Exhibit (SHCE)**

Exhibit M provides a reconciliation of earned premiums (including the risk adjustment transfer amount) and incurred claims between the experience reported on the SHCE and on Worksheet 1, Section I of the URRT. The main difference between the two forms is that the URRT estimate includes restated incurred claims and risk adjustment due to additional runout with claims paid through March 2025 in contrast to December 2024 for the SHCE.

**7.2. Reliance**

In developing this rate filing, several internal departments were relied upon for information and assumption setting. This information includes, but is not limited to: Actuarial providing rating factors, and claim trend projections; Insurance Financial Management providing membership projections, non-benefit expenses, and taxes and fees; supplemental market data and analytics modeling to estimate the impact of the Expiration of the Enhanced Subsidy Tax Credits from third party consultants; and the Insurance Business providing product changes and contractual terms for healthcare providers and vendors. I have performed a limited review of this information and have deemed it to be reasonable.

**7.3. Actuarial Certification**

I, Alicia Bartick-Ozmucur, am an Actuary for Oscar. I am a member of the American Academy of Actuaries and I meet the qualification standards of the Academy to render the actuarial opinion contained herein.

I hereby certify that the projected index rate is to the best of my knowledge and understanding:

- In compliance with all applicable state and federal statutes and regulations (45 CFR Part 156, §156.80(d)(2) and 45 CFR Part 147, §147.102),



- Developed in compliance with the applicable Actuarial Standards of Practice, including but not limited to:
  - ASOP No. 5, *Incurred Health and Disability Claims*,
  - ASOP No. 8, *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*,
  - ASOP No. 12, *Risk Classification*,
  - ASOP No. 23, *Data Quality*,
  - ASOP No. 25, *Credibility Procedures*,
  - ASOP No. 26, *Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans*,
  - ASOP No. 41, *Actuarial Communications*,
  - ASOP No. 42, *Determining Health and Disability Liabilities Other than Liabilities for Incurred Claims*,
  - ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies*, and
  - ASOP No. 50, *Determining Minimum Value and Actuarial Value Under the ACA*.
- Reasonable in relation to the benefits provided and the population anticipated to be covered, and
- Neither excessive nor deficient.

I further certify that:

- The index rate and only the allowable modifiers as described in 45 CFR Part 156, §156.80(d)(1) and 45 CFR Part 156, §156.80(d)(2) were used to generate plan level rates,
- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area, and
- The AV calculator was used to determine the AV metal values shown on Worksheet 2 of the Part I URRT for all plans

#### URRT Methodology

The Part I URRT does not demonstrate the process used by Oscar to develop proposed premium rates. It is representative of information required by federal and state regulation to be provided in support of the review of rate increases, for certification of qualified health plans for federally facilitated exchanges and for certification that the index rate is developed in accordance with federal regulations and used consistently and only adjusted by the allowable modifiers.

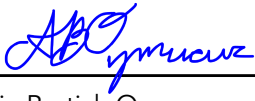
#### Individual ACA Marketplace Changes

Rates were developed in line with the current law, which at the time of this rate filing assumes the Enhanced Premium Tax Credits included in the Inflation Reduction Act (IRA) are set to expire 12/31/2025. Given the uncertainty inherent in the Marketplace, rates were also developed assuming the 2025 Marketplace Integrity and Affordability Proposed Rule is finalized as is. Future regulatory, legislative, and economic changes may affect the extent to which the rates presented herein are neither excessive nor deficient. This includes, but is not limited to, changes to the 2025 Marketplace Integrity





and Affordability Proposed Rule, any changes to the Premium Tax Credit subsidy structure, changes to Medicaid eligibility, and the level of funding of Cost Sharing Reductions.



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Alicia Bartick-Ozmucur  
Associate, Society of Actuaries  
Member, American Academy of Actuaries  
June 16, 2025

## 8. List of Exhibits

### Exhibit A Summary of Proposed Rate Increases

| Summary of Proposed Rate Increases |                |         |                                       |            |             |
|------------------------------------|----------------|---------|---------------------------------------|------------|-------------|
| Benefit Plan                       | HIOS ID        | Members | Plan-Adjusted Index Rate <sup>1</sup> |            | Rate Change |
|                                    |                |         | 2025                                  | 2026       |             |
| Bronze Elite + PCP Saver Plus      | 77739MI0070005 | 584     | \$514.15                              | \$528.37   | 2.8%        |
| Bronze Classic 4700                | 77739MI0070024 | 624     | \$472.33                              | \$484.55   | 2.6%        |
| Bronze Classic Standard            | 77739MI0070050 | 702     | \$458.31                              | \$461.56   | 0.7%        |
| Secure                             | 77739MI0070011 | 25      | \$238.77                              | \$240.09   | 0.6%        |
| Gold Elite Saver Plus              | 77739MI0070035 | 135     | \$501.59                              | \$569.59   | 13.6%       |
| Gold Classic Standard              | 77739MI0070053 | 52      | \$528.35                              | \$590.76   | 11.8%       |
| Silver Classic                     | 77739MI0070006 | 320     | \$495.43                              | \$453.20   | -8.5%       |
| Silver Simple PCP Saver            | 77739MI0070025 | 745     | \$525.46                              | \$472.55   | -10.1%      |
| Silver Classic Standard            | 77739MI0070052 | 803     | \$546.71                              | \$493.36   | -9.8%       |
| Total                              |                | 3,990   | \$502.98                              | \$486.67   | -3.2%       |
| Annualized Total                   |                | 3,990   | \$6,035.71                            | \$5,840.10 | -3.2%       |

<sup>1</sup>Represents the demographic mix of current membership by age and area distributions.



## Exhibit B

### Manual Rate Development

| Manual Rate Development               |          |
|---------------------------------------|----------|
| Base Period Allowed Claim PMPM        | \$439.95 |
| Trend Factors -- Cost and Utilization | 1.086    |
| Plan Design Change                    | 0.992    |
| Demographic Shift                     | 1.050    |
| Morbidity Adjustment                  | 0.888    |
| Change in Network                     | 0.976    |
| Pharmacy Drug Rebates                 | 0.993    |
| Pooling Charge                        | 1.001    |
| Manual Allowed Claim PMPM             | \$429.55 |



## Exhibit C

### Risk Adjustment Transfer Projection for the 2026 Plan Year

| Description                                     | Risk Pool    |              | Definition                                  |
|---|--------------|--------------|---|
|   | Individual   | Catastrophic |   |
| Risk Factor — Oscar                             | 0.983        | 0.378        | A   |
| Risk Factor — Market                            | 1.240        | 0.547        | B   |
| Rating Factor — Oscar                           | 1.096        | 0.641        | C   |
| Rating Factor — Market                          | 1.123        | 0.562        | D   |
| State Average Premium PMPM — 2024 Plan Year     | \$511.74     | \$227.51     | E   |
| State Average Premium Increase <sup>1</sup>     | 3.6%         | 6.2%         | F   |
| State Average Premium PMPM — 2026 Plan Year     | \$548.88     | \$256.50     | $G = E \times (1 + F)^2$                    |
| Administrative Cost Adjustment                  | 0.86         | 0.86         | H   |
| Transfer PMPM                                   | -\$86.13     | -\$98.59     | $I = [(A / B) - (C / D)] \times G \times H$ |
| Billable Member Months                          | 41,921       | 250          | J   |
| Forecasted Reinsurance Assessment PMPM          | \$3.30       | \$3.30       | K   |
| Estimated Reinsurance Recovery PMPM             | \$0.58       | \$0.58       | L   |
| Risk Adjustment Data Validation (RADV) Estimate | \$0.00       | \$0.00       | M   |
| Transfer Total                                  | -\$3,635,341 |              | $N = I \times J$                            |
| Member Months                                   | 41,735       |              | O   |
| Transfer PMPM                                   | -\$89.82     |              | $P = N / O - K + L + M$                     |

<sup>1</sup>Annualized over two plan years.



## Exhibit D

### Plan-Adjusted Index Rates

| Benefit Plan                  | HIOS ID        | Market-Adjusted<br>Index Rate | AV & Cost<br>Sharing | Provider<br>Network | EHB<br>Adjustment | Admin<br>Costs | Catastrophic<br>Eligibility | Plan-Adjusted<br>Index Rate <sup>1</sup> |
|-------------------------------|----------------|-------------------------------|----------------------|---------------------|-------------------|----------------|-----------------------------|--|
|                               |                | A                             | B                    | C                   | D                 | E              | F                           |  |
| Bronze Elite + PCP Saver Plus | 77739MI0070005 | \$528.06                      | 0.748                | 1.000               | 1.000             | 1.259          | 1.000                       | \$497.62                                 |
| Bronze Classic 4700           | 77739MI0070024 | \$528.06                      | 0.695                | 1.000               | 1.000             | 1.271          | 1.000                       | \$466.45                                 |
| Bronze Classic Standard       | 77739MI0070050 | \$528.06                      | 0.671                | 1.000               | 1.000             | 1.276          | 1.000                       | \$452.39                                 |
| Secure                        | 77739MI0070011 | \$528.06                      | 0.635                | 1.000               | 1.000             | 1.312          | 0.872                       | \$383.41                                 |
| Gold Elite Saver Plus         | 77739MI0070035 | \$528.06                      | 1.055                | 1.000               | 1.000             | 1.216          | 1.000                       | \$677.45                                 |
| Gold Classic Standard         | 77739MI0070053 | \$528.06                      | 0.950                | 1.000               | 1.000             | 1.228          | 1.000                       | \$615.82                                 |
| Silver Classic                | 77739MI0070006 | \$528.06                      | 0.749                | 1.000               | 1.000             | 1.259          | 1.000                       | \$498.18                                 |
| Silver Simple PCP Saver       | 77739MI0070025 | \$528.06                      | 0.722                | 1.000               | 1.000             | 1.265          | 1.000                       | \$482.11                                 |
| Silver Classic Standard       | 77739MI0070052 | \$528.06                      | 0.729                | 1.000               | 1.000             | 1.263          | 1.000                       | \$486.26                                 |

<sup>1</sup>Plan-Adjusted Index Rate = A x B x C x D x E x F



## Exhibit E

### Administrative Cost Factor Components

| Description                            | Allocation Category |              |
|--|---------------------|--------------|
|  | PMPM                | % of Premium |
| General Administration                 | \$34.29             | 7.0%         |
| Broker Commissions                     | \$18.56             | 3.8%         |
| HCQI                                   | \$5.77              | 1.2%         |
| Subtotal — Administrative Expense Load | \$58.62             | 12.0%        |
| Premium Tax                            | \$8.70              | 1.8%         |
| State Surcharges                       | \$2.40              | 0.5%         |
| Risk Adjustment User Fee               | \$0.18              | 0.0%         |
| PCORI                                  | \$0.30              | 0.1%         |
| Exchange Fee                           | \$12.10             | 2.5%         |
| Federal Income Tax                     | \$6.56              | 1.3%         |
| Subtotal — Taxes and Fees              | \$30.24             | 6.2%         |
| Risk Margin <sup>1</sup>               | \$24.66             | 5.1%         |
| Subtotal — Risk Margin                 | \$24.66             | 5.1%         |
| Total Retention <sup>2</sup>           | \$101.42            | 20.8%        |

<sup>1</sup>The targeted risk margin is net federal income taxes.

<sup>2</sup>The exchange user fee is excluded from the total retention estimate.



## Exhibit F

### Calibration Development

| Age   | Member Distribution <sup>1</sup> | Age Factor <sup>2</sup> |
|-------|----------------------------------|-------------------------|
| 0-14  | 4.2%                             | 0.765                   |
| 15    | 0.4%                             | 0.833                   |
| 16    | 0.4%                             | 0.859                   |
| 17    | 0.5%                             | 0.885                   |
| 18    | 0.6%                             | 0.913                   |
| 19    | 1.1%                             | 0.941                   |
| 20    | 1.0%                             | 0.970                   |
| 21    | 1.2%                             | 1.000                   |
| 22    | 1.1%                             | 1.000                   |
| 23    | 1.4%                             | 1.000                   |
| 24    | 1.2%                             | 1.000                   |
| 25    | 1.7%                             | 1.004                   |
| 26    | 2.2%                             | 1.024                   |
| 27    | 2.0%                             | 1.048                   |
| 28    | 2.0%                             | 1.087                   |
| 29    | 1.9%                             | 1.119                   |
| 30    | 1.8%                             | 1.135                   |
| 31    | 2.2%                             | 1.159                   |
| 32    | 2.1%                             | 1.183                   |
| 33    | 1.8%                             | 1.198                   |
| 34    | 2.1%                             | 1.214                   |
| 35    | 2.2%                             | 1.222                   |
| 36    | 2.1%                             | 1.230                   |
| 37    | 2.1%                             | 1.238                   |
| 38    | 1.9%                             | 1.246                   |
| 39    | 1.9%                             | 1.262                   |
| 40    | 2.1%                             | 1.278                   |
| 41    | 2.1%                             | 1.302                   |
| 42    | 2.4%                             | 1.325                   |
| 43    | 2.1%                             | 1.357                   |
| 44    | 2.1%                             | 1.397                   |
| 45    | 2.5%                             | 1.444                   |
| 46    | 2.4%                             | 1.500                   |
| 47    | 1.7%                             | 1.563                   |
| 48    | 2.0%                             | 1.635                   |
| 49    | 2.0%                             | 1.706                   |
| 50    | 2.0%                             | 1.786                   |
| 51    | 2.3%                             | 1.865                   |
| 52    | 1.7%                             | 1.952                   |
| 53    | 1.9%                             | 2.040                   |
| 54    | 2.4%                             | 2.135                   |
| 55    | 2.1%                             | 2.230                   |
| 56    | 2.0%                             | 2.333                   |
| 57    | 2.1%                             | 2.437                   |
| 58    | 2.2%                             | 2.548                   |
| 59    | 1.9%                             | 2.603                   |
| 60    | 2.4%                             | 2.714                   |
| 61    | 2.2%                             | 2.810                   |
| 62    | 2.6%                             | 2.873                   |
| 63    | 3.8%                             | 2.952                   |
| 64+   | 3.6%                             | 3.000                   |
| Total | 99.8%                            | 1.652                   |

| Age   | Member Distribution |            | Tobacco Factor |
|-------|---------------------|------------|----------------|
|       | Smoker              | Non-Smoker |                |
| 0-14  | 0.0%                | 4.4%       | 1.000          |
| 15    | 0.0%                | 0.4%       | 1.000          |
| 16    | 0.0%                | 0.4%       | 1.000          |
| 17    | 0.0%                | 0.5%       | 1.000          |
| 18    | 0.0%                | 0.6%       | 1.000          |
| 19    | 0.0%                | 1.1%       | 1.000          |
| 20    | 0.0%                | 1.0%       | 1.000          |
| 21    | 0.0%                | 1.1%       | 1.000          |
| 22    | 0.0%                | 1.1%       | 1.000          |
| 23    | 0.1%                | 1.4%       | 1.000          |
| 24    | 0.0%                | 1.2%       | 1.000          |
| 25    | 0.0%                | 1.7%       | 1.050          |
| 26    | 0.1%                | 2.1%       | 1.050          |
| 27    | 0.0%                | 2.0%       | 1.050          |
| 28    | 0.0%                | 2.0%       | 1.050          |
| 29    | 0.0%                | 1.8%       | 1.050          |
| 30    | 0.0%                | 1.7%       | 1.050          |
| 31    | 0.1%                | 2.1%       | 1.050          |
| 32    | 0.0%                | 2.1%       | 1.050          |
| 33    | 0.0%                | 1.8%       | 1.050          |
| 34    | 0.1%                | 2.1%       | 1.050          |
| 35    | 0.0%                | 2.2%       | 1.090          |
| 36    | 0.0%                | 2.0%       | 1.090          |
| 37    | 0.1%                | 2.0%       | 1.090          |
| 38    | 0.0%                | 1.9%       | 1.090          |
| 39    | 0.0%                | 1.8%       | 1.090          |
| 40    | 0.0%                | 2.1%       | 1.090          |
| 41    | 0.1%                | 2.0%       | 1.090          |
| 42    | 0.0%                | 2.4%       | 1.090          |
| 43    | 0.1%                | 2.0%       | 1.090          |
| 44    | 0.0%                | 2.1%       | 1.090          |
| 45    | 0.0%                | 2.4%       | 1.090          |
| 46    | 0.1%                | 2.3%       | 1.090          |
| 47    | 0.0%                | 1.6%       | 1.090          |
| 48    | 0.1%                | 1.9%       | 1.090          |
| 49    | 0.1%                | 2.0%       | 1.090          |
| 50    | 0.1%                | 1.9%       | 1.090          |
| 51    | 0.0%                | 2.3%       | 1.090          |
| 52    | 0.1%                | 1.6%       | 1.090          |
| 53    | 0.1%                | 1.9%       | 1.090          |
| 54    | 0.1%                | 2.3%       | 1.090          |
| 55    | 0.0%                | 2.1%       | 1.125          |
| 56    | 0.1%                | 1.9%       | 1.125          |
| 57    | 0.2%                | 2.0%       | 1.125          |
| 58    | 0.0%                | 2.2%       | 1.125          |
| 59    | 0.0%                | 1.9%       | 1.125          |
| 60    | 0.0%                | 2.4%       | 1.125          |
| 61    | 0.1%                | 2.1%       | 1.125          |
| 62    | 0.1%                | 2.5%       | 1.125          |
| 63    | 0.1%                | 3.7%       | 1.125          |
| 64+   | 0.1%                | 3.6%       | 1.125          |
| Total | 2.4%                | 97.6%      | 1.003          |

| Rating Area | Member Distribution | Area Factor |
|-------------|---------------------|-------------|
| 12          | 100.0%              | 1.000       |
| Total       | 100.0%              | 1.000       |

|                    |  |  |
|--------------------|--|--|
| Calibration Factor |  |  |
| 1.656              |  |  |

<sup>1</sup>Distribution of projected billed members.

<sup>2</sup>Non-billed members were assigned a factor of 0.



## Exhibit G

### Geographic Rating Factors

| Rating Area | Description | Member Distribution <sup>1</sup> | Area Factor          |          | % Change |
|-------------|-------------|----------------------------------|----------------------|----------|----------|
|             |             |                                  | Current <sup>2</sup> | Proposed |          |
| 12          | Western MI  | 100.0%                           | 1.000                | 1.000    | 0.0%     |
| Total       |             | 100.0%                           | 1.000                | 1.000    | 0.0%     |

<sup>1</sup>Membership distribution as of March 2025.

<sup>2</sup>The current factors were normalized with the current distribution for comparison purposes.





## Exhibit H

### Rate Manual

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#### Sample Rate Calculation

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##### Sample Member Demographics

Silver Simple PCP Saver, 40 Year Old Smoker, Rating Area 12

|                           | <u>Source</u> | <u>Factor</u> |
|---------------------------|---------------|---------------|
| Plan-Adjusted Index Rate: | Exhibit D     | \$482.11      |
| Age Factor:               | Exhibit F     | 1.278         |
| Tobacco Factor:           | Exhibit F     | 1.090         |
| Area Factor:              | Exhibit F     | 1.000         |
| Calibration Factor:       | Exhibit F     | 1.656         |

##### Calculation of Projected Premium

=Plan-Adjusted Index Rate x Age Factor x Tobacco Factor x Area Factor / Calibration Factor

=\$405.46

---



## Exhibit I

### Projected Medical Loss Ratio

#### Projected Medical Loss Ratio (Federally-Prescribed)

| Description     | Value     | Definition      |
|-----------------|-----------|-----------------|
| Net Claims      | \$283.46  | A               |
| HCQI            | \$5.77    | B               |
| Risk Adjustment | (\$89.82) | C               |
| MLR Numerator   | \$379.05  | $D = A + B - C$ |
| Premium         | \$486.80  | E               |
| Taxes           | \$30.24   | F               |
| MLR Denominator | \$456.57  | $G = E - F$     |
| Projected MLR   | 83.0%     | $H = D / G$     |

#### Projected Medical Loss Ratio (Michigan)

| Description     | Value    | Definition  |
|-----------------|----------|-------------|
| Net Claims      | \$283.46 | A           |
| Risk Adjustment | \$0.00   | B           |
| MLR Numerator   | \$283.46 | $C = A - B$ |
| Premium         | \$486.80 | D           |
| MLR Denominator | \$486.80 | $E = D$     |
| Projected MLR   | 58.2%    | $F = C / E$ |



## Exhibit J

### Distribution of Membership Across Metal

| Metal                  | Exchange Status | Membership   |               |
|------------------------|-----------------|--------------|---------------|
|                        |                 | Distribution | Member Months |
| Catastrophic           | On              | 0.6%         | 247           |
|                        | Off             | 0.0%         | 0             |
| Bronze                 | On              | 46.0%        | 19,211        |
|                        | Off             | 0.2%         | 92            |
| Silver Base Plan       | On              | 0.6%         | 267           |
|                        | Off             | 0.0%         | 0             |
| Silver 94% CSR Variant | On              | 35.4%        | 14,784        |
|                        | Off             | 0.0%         | 0             |
| Silver 87% CSR Variant | On              | 11.4%        | 4,739         |
|                        | Off             | 0.0%         | 0             |
| Silver 73% CSR Variant | On              | 0.9%         | 366           |
|                        | Off             | 0.0%         | 0             |
| Gold                   | On              | 4.5%         | 1,877         |
|                        | Off             | 0.4%         | 153           |
| Total                  |                 | 100.0%       | 41,735        |



## Exhibit K

### Terminated Products

| PY<br>Terminated | Terminated<br>Plan Name | Terminated<br>HIOS ID | Mapped<br>Plan Name     | 2023 HIOS ID   | 2024 HIOS ID   | 2025 HIOS ID   |
|------------------|-------------------------|-----------------------|-------------------------|----------------|----------------|----------------|
| 2025             | Bronze Classic          | 77739MI0070003        | Bronze Classic Standard | 77739MI0070003 | 77739MI0070050 | 77739MI0070003 |
| 2025             | Silver Elite Saver Plus | 77739MI0070030        | Silver Classic          | 77739MI0070030 | 77739MI0070006 | 77739MI0070030 |
| 2025             | Bronze Simple 2         | 77739MI0070051        | Bronze Classic Standard | 77739MI0070051 | 77739MI0070050 | 77739MI0070051 |



## Exhibit L

### Reconciliation of the URRT and Supplemental Health Care Exhibit

#### Earned Premium Reconciliation

| Line      | Item                 | Definition   | \$          |
|-----------|----------------------|--|-------------|
| 1         | Supplemental Exhibit | Gross Premium + Risk Adjustment                    | \$8,905,312 |
| 2         | Reconciling Items    | Risk Adjustment Restatement (Dec 2024 vs Apr 2025) | \$393,717   |
| 3         | Reconciling Items    | Premium Restatement (Dec 2024 vs Apr 2025)         | -\$146,530  |
| 4         | Reconciling Items    | Other Methodological Differences                   | \$323,144   |
| 5=1+2+3+4 | URRT                 | Gross Premium + Risk Adjustment                    | \$9,475,643 |

#### Incurred Claims Reconciliation

| Line      | Item                 | Definition                                     | \$          |
|-----------|----------------------|--|-------------|
| 1         | Supplemental Exhibit | Paid Claims + IBNR - Pharmacy Rebates          | \$6,331,430 |
| 2         | Reconciling Items    | Paid Claims Restatement (Dec 2024 vs Apr 2025) | \$618,789   |
| 3         | Reconciling Items    | IBNR Restatement (Dec 2024 vs Apr 2025)        | -\$860,686  |
| 4         | Reconciling Items    | Other Methodological Differences               | -\$262,800  |
| 5=1+2+3+4 | URRT                 | Paid Claims + IBNR - Pharmacy Rebates          | \$5,826,733 |



## Exhibit M

### Summary of Current Membership

Membership as of March 2025

| Benefit Plan                  | HIOS ID        | Status for 2025<br>Plan Year | Policyholders | Covered Lives |
|-------------------------------|----------------|------------------------------|---------------|---------------|
| Bronze Elite + PCP Saver Plus | 77739MI0070005 | Renewing                     | 511           | 584           |
| Silver Classic                | 77739MI0070006 | Renewing                     | 243           | 320           |
| Secure                        | 77739MI0070011 | Renewing                     | 24            | 25            |
| Bronze Classic 4700           | 77739MI0070024 | Renewing                     | 543           | 624           |
| Silver Simple PCP Saver       | 77739MI0070025 | Renewing                     | 655           | 745           |
| Gold Elite Saver Plus         | 77739MI0070035 | Renewing                     | 97            | 135           |
| Bronze Classic Standard       | 77739MI0070050 | Renewing                     | 573           | 702           |
| Silver Classic Standard       | 77739MI0070052 | Renewing                     | 737           | 803           |
| Gold Classic Standard         | 77739MI0070053 | Renewing                     | 39            | 52            |
| Total                         |                |                              | 3,423         | 3,990         |

