

PacificSource Health Plans
Part II Justification for Proposed Rate Increase
Individual Health Benefit Plans
Rate Effective Date 1/1/2026

Scope and Range of the Rate Increase

There are approximately 11,500 members that are potentially affected by the requested rate change. Premium changes will vary between 2.1 percent and 19.8 percent, averaging 11.3 percent. The variation in premium changes is primarily driven by changes to member cost sharing, changes to the silver load for on exchange silver plans, and the impact of mapping members on discontinued plans.

Financial experience of the product

Over the calendar year 2024, the Montana Individual block earned an estimated 84.2 million dollars in risk adjusted premium and incurred an estimated 71.9 million dollars in claims, for a medical claims rate of 85.4 percent. With the proposed rate increase, PacificSource projects that the Montana Individual block will earn 105.5 million dollars in premium in 2026 and incur approximately 89.3 million dollars in claims, for a medical claims rate of 84.6 percent.

Changes in Medical Service Costs

Medical service costs increase each year, and utilization of services also changes. To account for these changes, medical trend of 6.0 percent and drug trend of 8.0 percent are used.

Changes in benefits

The Navigator Silver 3000 and Navigator Silver HSA 3500 plans will be terminated. Some plans will see increases in deductibles or out-of-pocket maximums in 2026. These changes help offset the required premium increase.

Administrative costs and anticipated margins

Administrative cost and PCORI fee increases contribute to the rate increase. Anticipated margin is increased from 2.0% in 2024 to 3.0% in 2026. There are no significant changes to any other taxes or fees.