# PART II CONSUMER JUSTIFICATION NARRATIVE
# MERCYCARE HMO, INC.
# INDIVIDUAL MARKET RATES EFFECTIVE 1/1/2024

MeryCare HMO, Inc. (MercyCare) has offered comprehensive and fully insured coverage to members in the Individual ACA market in Illinois since 2021. MercyCare is filing a rate increase for its 2024 products. All plans will be offered on and off-Exchange and sold only in McHenry, Winnebago, and Boone counties, which are located within Illinois Rating Areas 2 and 5.

The products associated with this filing will cover a wide range of benefits, including all Essential Health Benefits (EHBs) required under the ACA. All plans will utilize an HMO network. MercyCare will offer plans at the silver and gold metallic levels. Cost share reduction plans will be offered for those eligible. Services will be subject to deductibles, copays, and coinsurance; member cost-sharing will be limited to out-of-pocket maximums (OOPMs). A range of cost-sharing options will be provided to consumers, including deductible options ranging from $0 to $6,500, member coinsurance options ranging from 0% to 50%, and OOPM options ranging from $550 to $9,100 for single coverage. Some plans will feature copays for physician services and prescription drug fills.

The average rate change for individuals renewing in 2022 is 11.8%, with the minimum and maximum rate changes equal to 2.3% and 17.0%, respectively. The proposed rate changes vary by plan due to changes in the paid to allowed ratios and induced utilization factors underlying the actuarial value and cost sharing components of the Plan Adjusted Index Rates. The paid to allowed ratios for all plans were updated to reflect the anticipated claim costs associated with the projected 2024 MercyCare Individual ACA population.

The primary drivers of the average rate change are summarized below:

- Updated experience using calendar year 2022 allowed claims;

- Medical and prescription drug trends;

- Updated induced utilization factors

The rate change is estimated to impact approximately 1,650 members.