

CAREFIRST BLUECROSS BLUESHIELD (CF)

PART II – Written Description Justifying the Rate Increase

BlueChoice, Inc. - MD is requesting an average base rate increase of 16.2% to our BlueChoice single risk pool for first quarter, 2027 (14.2%, 11.4%, and 11.4% for quarters two through four) . As of 3/31/2026, there are approximately 144,739 members currently enrolled in a BlueChoice product, across all plans, who will be impacted by the rate change.

The main drivers supporting the rate increase are an increase in the base period claims experience, trend, and a decrease in the projected risk adjustment payable.

These products were first launched on 1/1/2014. For the 2025 calendar year, BlueChoice collected \$1,071.1 million in premium and paid out \$847.4 million in claims for a loss ratio of 79.1%. BlueChoice is estimated to pay out \$13.2 million in risk adjustment and net HCRP payments, for a post risk adjustment loss ratio of 80.3%.

BlueChoice has assumed a pricing trend of 9.7%. This is an increase from the pricing trend in our previous filing.

The benefits for this product have largely remained the same, except for changes necessary to maintain actuarial value.

As a percentage of premium, administrative expenses decreased by 1.5% compared to last year, and pre-tax contribution to reserve remained the same at 4.0%.