Part II: Justification for Proposed Rate Increase

BlueCross BlueShield of Texas
Small Group Rate Filing
Effective January 1, 2026

Scope, Range and Best Estimate of the Rate Increase

Blue Cross and Blue Shield of Texas (BCBSTX) is filing new rates to be effective January 1, 2026, for its Small Group ACA metallic coverage. As measured in the Unified Rate Review Template (URRT), the range of rate changes for these plans is 6.60% to 20.70%. The following are the average rate increases by product:

Product	Rate Increase
Blue Choice PPO	15.80%
Blue Advantage HMO	15.18%

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

There are currently 480,296 members on Small Group Affordable Care Act (ACA) plans that may be affected by these proposed rates.

Financial Experience of the Product

Earned premiums for Small Group plans during calendar year 2024 were $4,124,328,399 and total claims incurred were $3,710,847,541.

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 changes due to increasing medical service and prescription drug costs, which includes changes in reimbursement rates to providers, expected utilization, the mix and intensity of services, and new 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.

Administrative Costs and Anticipated Margins

The Affordable Care Act expects health plans in the small group 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 quality initiatives, they are required to give back money to consumers through a premium rebate. These rates assume BCBSNM will exceed the 80% threshold.