

CAREFIRST BLUECROSS BLUESHIELD (CF)

PART II – Written Description Justifying the Rate Increase

Group Hospitalization & Medical Services, Inc. (GHMSI) - VA is requesting an average base rate increase of 20.4% to our BluePreferred single risk pool for first quarter 2027 (21.2%, 18.4%, and 18.8% for quarters two through four). First quarter minimum and maximum rate increases are 18.8% and 27.8%. On average, across all four quarters, base rates are increasing 19.4% with minimum and maximum average changes of 17.9% and 21.5%. As of 2/28/2026, there are approximately 13,211 members currently enrolled in a GHMSI BluePreferred 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 1/1/14. For the 2025 calendar year, GHMSI BluePreferred collected \$151.0 million in premium and paid out \$131.0 million in claims for a loss ratio of 86.7%. GHMSI will pay out \$7.0 million in risk adjustment payments and net HCRP payments, for a post risk adjustment loss ratio of 91.4%.

GHMSI has assumed a pricing trend of 9.9%, which 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 have decreased by 1.3% compared to last year. The pre-tax contribution to reserve increased to 6.0%.