

Actuarial Memorandum

General Information Section

Company Identifying Information

Company Legal Name: BlueChoice HealthPlan

State: South Carolina

HIOS Issuer ID: 49532

Market: Small Group

Product Forms:

Choice Complete Master Group Contract – Choice Complete MGC (Rev. 1/27)

Choice Complete Certificate of Coverage – Choice Complete Cert (Rev. 1/27)

Choice Complete Schedule of Benefits – Form CC Exchange SB (Rev. 1/27)

Choice Select Master Group Contract – Choice Select MGC (Rev. 1/27)

Choice Select Certificate of Coverage – Choice Select Cert (Rev. 1/27)

Choice Select Schedule of Benefits – Form CS Exchange SB (Rev. 1/27)

Choice Core Master Group Contract – Choice Core MGC (1/27)

Choice Core Certificate of Coverage – Choice Core Cert (1/27)

Choice Core Schedule of Benefits – Form CCore Exchange SB (1/27)

Master Group Application – MGA-SM

Effective Date: January 1, 2027 – December 31, 2027

Company Contact Information

Primary Contact Name: Zachary Winslow

Primary Contact Telephone Number: 803-264-2887

Primary Contact Email Address: zachary.winslow@bcbssc.com

Proposed Rate Changes

Reason for Rate Increase

[REDACTED]

[REDACTED] Pricing actuarial values were also updated to include more recent experience and assumptions. This also contributes to varying rate increases on existing plans. Factors driving the proposed increases include, but are not limited to, the following:

- Medical inflation
- Changes in utilization
- Higher drug costs

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Self-only and family policies will be offered.

Market Experience

Experience and Current Period Premium, Claims, and Enrollment

Paid Through Date: Incurred premium and claims for calendar-year 2025, paid through March 31, 2026, for three months of run-out.

Current Date: Current enrollment and premium is reported as of April 1, 2026.

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[REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]

[illegible]

1

Benefit Categories

Claims were assigned to benefit categories based on appropriate internal mappings (e.g., provider type, provider specialty, place of treatment).

[REDACTED]

[REDACTED]

[REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

1

[illegible]

i

■ [REDACTED]
 [REDACTED]
 [REDACTED]

[REDACTED]

Other claims were those which didn't specifically fall into any of the other categories.

Projection Factors

Please note that the Part I Unified Rate Review Template (URRT) does not demonstrate the process used to develop the rates. Rather, it represents information required by federal regulation to be provided in support of the review of rate increases, for certification of Qualified Health Plans for Federally Facilitated Exchanges, and for certification that the Index Rate is developed in accordance with federal regulation and used consistently and only adjusted by allowable modifiers.

The projection factors in the URRT attempt to tie the base period experience to projection period experience. Base period experience includes ACA only. The adjustments necessary to relate the two time periods are described below. Details on the rating methodology are provided later.

Trend Factors

Trend Factors (cost/utilization):

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Small groups enroll throughout the year.

Adjustments to Trended EHB Allowed Claims PMPM

Morbidity Adjustment: [REDACTED]

Demographic Shift: [REDACTED]

Plan Design Changes: [REDACTED]

[REDACTED]

Other Adjustments: These were included as a balancing factor to link base period and projection period experience. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Manual Rate Adjustments

Source and Appropriateness of Experience Data Used: Not applicable.

Adjustments Made to the Data: Not applicable.

Inclusion of Capitation Payments: Not applicable.

Credibility of Experience

The experience used is fully credible with 428,000 member months.

Establishing the Index Rate

The Single Risk Pool is established according to the requirements in 45 CFR 156.80(d)(1).

Experience Period

The index rate was calculated as allowed claims PMPM for essential health benefits on ACA plans. [REDACTED]

Projection Period

The index rate was calculated as allowed claims PMPM for essential health benefits on ACA plans. [REDACTED]

11

[REDACTED]

Step 11: After these adjustments, the projection period index rate is the average allowed EHB PMPM across all plans.

Small Group Quarterly Trend Increases: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Small Group Quarterly Rate Filings: This is an annual filing.

Development of the Market-wide Adjusted Index Rate

The market-adjusted index rate is equal to the index rate, modified for market-wide adjustments for any reinsurance impact, risk adjustment transfers, and Exchange user fees. Adjustments are as follows:

Reinsurance: Not applicable.

Risk Adjustment Payment/Charge: [REDACTED]

[REDACTED]

[REDACTED]

Exchange User Fees: Not applicable, as no plans will be offered on SHOP. The US Department of Health and Human Services has recognized the South Carolina Department of Insurance's recommendation against vertical choice, citing "the likelihood of adverse selection and higher administrative burdens." Therefore, no rating adjustments for vertical choice were applied.

Plan Adjusted Index Rate

Plan-adjusted index rates were developed from the market-adjusted index rate as indicated below. Supporting documentation is also provided.

The market rating rules outlined in 45 CFR Part 156 allow for five categories of plan-level modifiers. The adjustments listed in the steps below are applicable as follows:

- Actuarial Value and cost-sharing adjustment (Steps 1-3)
- Provider network and utilization management adjustment (Steps 1 and 4)
- Adjustment for benefits in addition to the EHBs (Step 5)
- Impact of specific eligibility categories for the Catastrophic Plan (Not applicable)
- Adjustment for distribution and administrative costs (Steps 6 and 7)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Calibration

Age Curve Calibration

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Geographic Factor Calibration

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Tobacco Use Rating Factor Calibration

[REDACTED]

[REDACTED]

[REDACTED]

Consumer Adjusted Premium Rate Development

The consumer-adjusted premium rate is defined as follows:

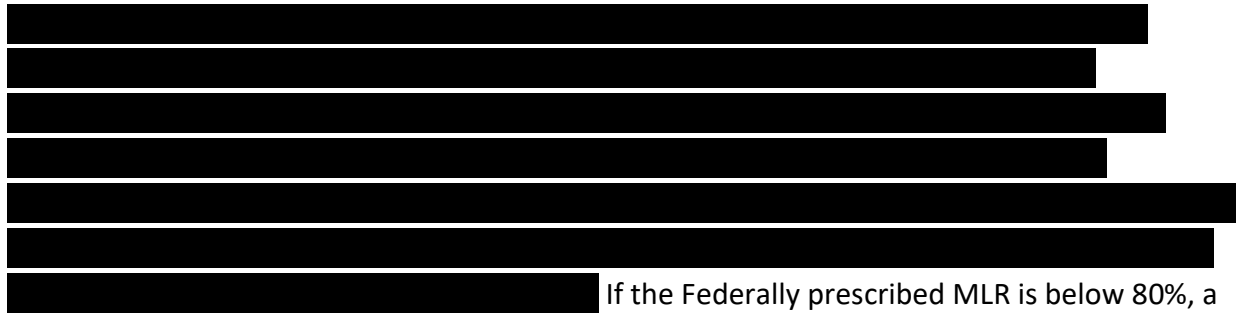
Consumer-Adjusted Premium Rate = Base Rate x Age Factor x Area Factor x Tobacco Factor

Age, area, and tobacco adjustments are applied to the base rate to compute the member-level consumer-adjusted premium rate. Age factors are as prescribed by the Final Rule on Health Insurance Market Rules. [REDACTED]

Self-only and family policies are offered. Family rates are developed on a per member basis in accordance with the market reform rule. The family rate is then the sum of the individual member rates. The family rating methodology also caps the number of children under 21 at three.

Rates are reasonable relative to the level of benefits provided. Rates are also not excessive, inadequate, or unfairly discriminatory provided the underlying assumptions are reasonable.

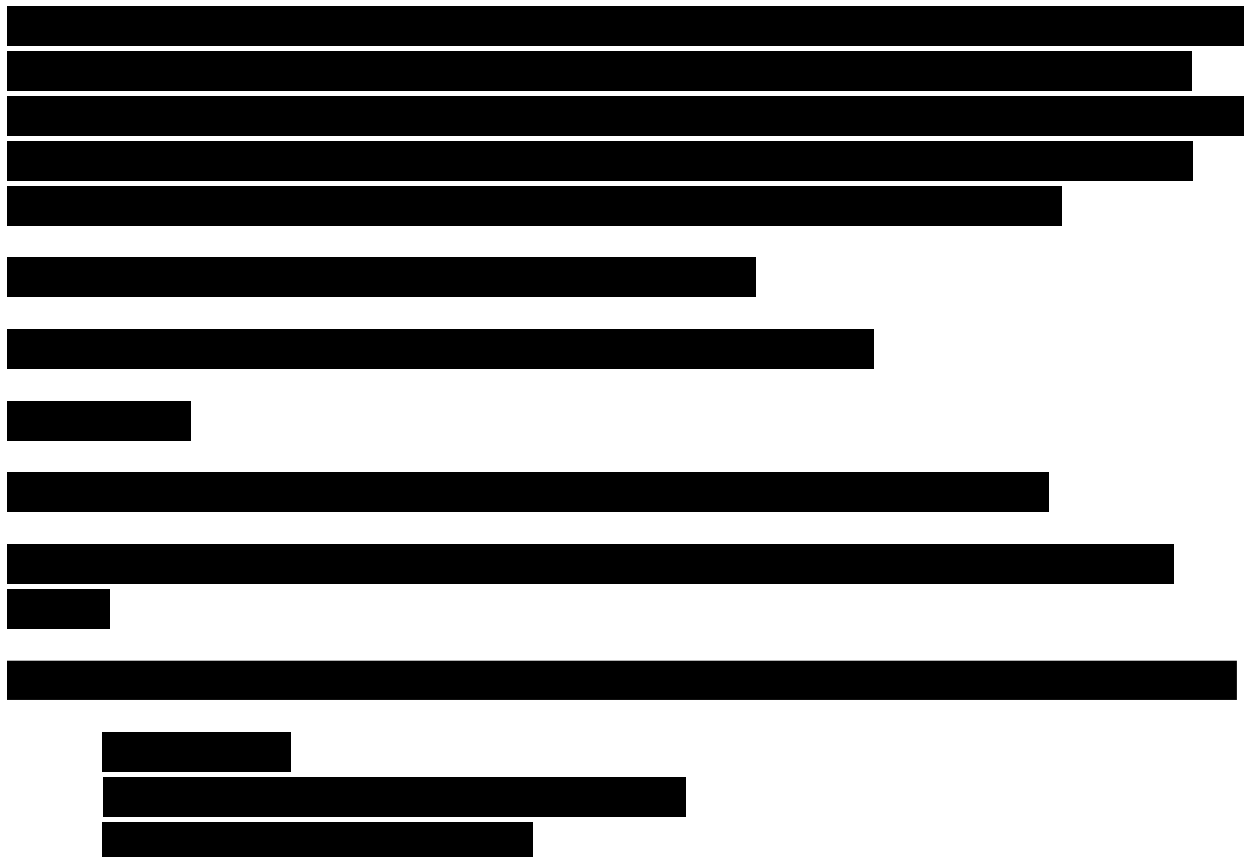
Projected Loss Ratio



If the Federally prescribed MLR is below 80%, a rebate will be paid in accordance with 45 CFR Part 158.

Plan Product Information

AV Metal Values



Miscellaneous

Effective Rate Review Information

Available upon request.

Reliance

In preparing this rate filing, the actuarial department of BlueCross BlueShield of South Carolina received and relied upon information and/or underlying assumptions provided by the following BlueCross BlueShield of South Carolina personnel:

Selling and Administrative expenses – Heather Srulevich, Bobbi Cowart (Private Business Internal Reporting)

Provider Incentives and Care Management Fees – Alex Mowery (Actuarial Services)

Trend and Morbidity – Matt Shrader (Actuarial Services)

The validity and comprehensiveness of the information provided are the responsibility of those who supplied it. Checks for reasonableness were performed to the extent deemed practical.

Actuarial Certification

I, Zachary Winslow, as a member in good standing of the American Academy of Actuaries, certify the following:

- That the AV Calculator was used to determine the AV Metal Values for all plans, that the plans have been accurately entered into the AV calculator, and that the metal levels assigned accurately reflect the results of the AV calculator,
- That the index rate and only the allowable modifiers were used to generate plan specific premium rates,
- That the projected index rate is reasonable in relation to the benefits provided and the population anticipated to be covered, is neither excessive nor deficient, and is compliant with applicable Actuarial Standards of Practice and all applicable State and Federal Statutes and Regulations,
- And that the geographic factors are based on current factors plus adjustments that reflect only differences in the unit cost of delivery and provider practice patterns and do not include differences for population morbidity by geographic area.

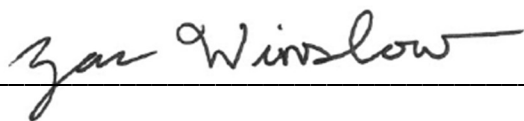
I further qualify that the Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the rates. Rather, it represents information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans for Federally Facilitated Exchanges, and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

I further certify that vertical choice is not factored into any projections or assumptions used to calculate rates.

I further certify that, to the best of my knowledge, experience, and belief, the actuarial memorandum and all associated exhibits and calculations which it describes were prepared in accordance with the actuarial Code of Professional Conduct and in compliance with applicable Actuarial Standards of Practice.

6/26/2026

DATE



Zachary Winslow, FSA, MAAA
AVP & Senior Actuary
BlueCross BlueShield of SC

