

## Part II: Justification for Proposed Rate Increase

### BlueCross BlueShield of New Mexico

#### Individual Rate Filing

Effective January 1, 2023

#### Scope, Range and Best Estimate of the Rate Increase

Blue Cross and Blue Shield of New Mexico (BCBSNM) is filing new rates to be effective January 1, 2023, for its Individual ACA metallic coverage. As measured in the Unified Rate Review Template (URRT), the range of rate changes for these plans is a decrease of 20.8% to an increase of 13.1%. The following is the average rate increase:

Product	Rate Increase
Blue Community	5.4%

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

There are currently 8,835 members on Individual Affordable Care Act (ACA) plans that may be affected by these proposed rates.

#### Financial Experience of the Product

Consistent with the filed URRT, earned premiums for Individual plans during calendar year 2021 were \$31,517,750 and total claims incurred were \$29,537,246.

The proposed rates effective January 1, 2023, are expected to achieve the loss ratio assumed in the rate development.

#### Changes in Medical Service Costs

The proposed rates reflect expected change in year over year medical service and prescription drug costs, which includes changes in reimbursement rates to providers, changes in expected utilization of services, the mix and intensity of services, and the introduction of new procedures and 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.

#### State Mandated Changes

The proposed rates reflect the impact of the passage of New Mexico Senate Bill 317 as well as the New Mexico Office of the Superintendent of Insurance (OSI)'s requirement for issuers to use a 44% CSR adjustment factor for Silver plans sold on the Exchange.

Plan offerings comply with 2023PY QHP Issuer Guidance to set the tobacco rating multiplier at 1.0 for all individual on-and-off-exchange plans, as well as the the Health Insurance

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Marketplace Affordability Program Policy and Procedures Manual to include Turquoise variants for each Silver and Gold plan and offer only two Silver plans in any rating area.

### **Administrative Costs and Anticipated Margins**

The Affordable Care Act expects health plans in the individual 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 once again exceed the 80% threshold.