# Part II: Justification for Proposed Rate Increase

**BlueCross BlueShield of New Mexico**
**Individual Rate Filing**
**Effective January 1, 2026**

## 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, 2026, for its Individual ACA metallic coverage. As measured in the Unified Rate Review Template (URRT), the range of rate changes for these plans is an increase of 18.3% to an increase of 49.5%. The following is the average rate increase:

| Product | Rate Increase |
| --- | --- |
| Blue Community | 38.6% |

The cost relativities among plans are different from the experience period to the prospective rating period due to anticipated non-uniform changes in network reimbursement levels. Additionally, the rates vary by plan due to the leveraging and utilization differences driven by variations in member cost sharing. Therefore, the proposed rates and rate changes may vary by plan.

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

There are currently 36,800 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 2024 were $209,905,877.02 and total claims incurred were $227,717,664.48.

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 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

Cost-sharing changes were made within these products allowing plans to maintain their metal status and to comply with 2026 Plan Year Standardized Health Plan requirements prescribed by the BeWell Board of Directors, which can contribute to the change in rates.

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### State Mandated Changes

The proposed rates reflect the impact of New Mexico legislation items and/or regulatory changes effective on January 1, 2026. In accordance with state regulation, we have applied a CSR defunding adjustment to on-Exchange silver plans which reflects the expected cost and mix of enrollment in CSR plan variants and excludes health status. The CSR defuning adjustment is 19.1%.

Plan offerings comply with 2026 Plan Year Individual QHP and Small Group Market Rate Filing Guidance to set the tobacco rating multiplier at 1.0 for all individual on-and-off-exchange plans, offer only two on-exchange non-standardized Silver and Gold plans in any rating area, and keep the minimum premium differential for a 21-year-old between any two non-standardized silver plans in a single area above $10 PMPM.

In addition, Turquoise variants are made available for each Silver and Gold plan with Turquoise 3 eligibility to 200-400% FPL and the -13 variant for Native Americans between 300-400% FPL and participate in Gold plans, as mandated by the Health Insurance Marketplace Affordability Program Policy and Procedures Manual.

### 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.