Iowa
Part II - Written Explanation of Rate Increase
Golden Rule Insurance Company

Scope and Range of the Rate Increase
Golden Rule Insurance Company is proposing a rate increase in the state of Iowa for individual market association group products. The requested rate increase is 24.6% and is applicable to all grandfathered and transitional certificates. Additional premium changes may occur due to member aging, changes in plan selection, and changes in geographic location. The rate increase will be effective January 1, 2026 for Generations 1-22 and 25-27, June 15, 2026 for Generation 23, and June 1, 2026 for Generation 24, or as soon thereafter as approval permits. It is projected that there will be 851 covered lives impacted by the rate change.

Financial Experience of the Products
The financial experience for the most recent three years of experience is shown below.

Calendar Period	Earned Premium	Incurred Claims	Loss Ratio
Mar-22 to Feb-23	7,967,038	5,903,999	74.1%
Mar-23 to Feb-24	7,272,278	5,819,295	80.0%
Mar-24 to Feb-25	6,159,307	6,020,099	97.7%

Changes in Medical Service Costs
There are many different healthcare cost trends that contribute to increases in the overall U.S. healthcare spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key healthcare cost trends that have affected this years rate actions include:

- Coverage Mandates: Estimated impacts of changes in benefit design and administration due to the Patient Protection and Affordable Care Act mandates. Direct impacts include the effects of specific changes made to comply with new laws both at the Federal and State level.
- Increasing Cost of Medical Services: Annual increases in reimbursement rates to healthcare providers, such as hospitals, doctors, and pharmaceutical companies, lead to increased healthcare spending.
- Increased Utilization: The number of office visits and other services continues to grow. In addition, total healthcare spending will vary by the intensity of care and use of different types of health services. The price of care can be affected by the use of expensive procedures such as surgery versus simply monitoring or providing medications.
- Higher Costs from Deductible Leveraging: Healthcare costs continue to rise every year. If deductibles and copayments remain the same, a higher percentage of healthcare costs need to be covered by health insurance premiums each year.
- Cost shifting from the public to the private sector: Reimbursements from the Centers for Medicare and Medicaid Services (CMS) to hospitals do not generally cover the cost of providing care to these patients. Hospitals typically make up for this reimbursement shortfall by charging health plans more.
- Impact of New Technology: Improvements to medical technology and clinical practice often result in the use of more expensive services, leading to increased healthcare spending and utilization.

Administrative Costs and Anticipated Profits

Golden Rule Insurance Company works to directly control administrative expenses by adopting better processes and technology and developing programs and innovations that make healthcare more affordable. We have led the marketplace by introducing key innovations that make healthcare services more accessible and affordable for customers, improve the quality and coordination of healthcare services, and help individuals and their physicians make more informed healthcare decisions. State and Federal government imposed taxation and fees are significant factors that impact healthcare spending and have to be included in the administrative costs associated with the plans.

A review of our current premium rates indicates that the current rates are not sufficient to cover the expected benefit and administrative costs. The requested rate change is anticipated to be sufficient to cover the projected benefit and administrative costs over the rating period of January 1, 2026 to December 31, 2026.

Iowa
Actuarial Memorandum
Golden Rule Insurance Company
NAIC: 0707-62286 / FEIN: 37-6028756

1. Purpose of Filing

Following is a rate filing prepared by Golden Rule Insurance Company. This filing is intended solely for the information of and use by the Iowa Insurance Division. It will demonstrate compliance with Iowa laws and regulations related to rate development and is not intended to be used for any other purpose.

The purpose of this rate filing is to file a rate revision to existing individual products in the state of Iowa. This filing establishes the rates intended to be used for Iowa Generation 1-27 products beginning January 1, 2026. The experience on these policy forms reflects continuing increases in medical care costs and increased utilization of medical services. As a result, premium rates at their current level are inadequate to maintain the desired loss ratio.

2. Requested Rate Action

This filing proposes a uniform 24.6% rate increase applicable to all medical base plans and medical riders for Iowa Generations 1-27. These are closed blocks of business, and therefore this rate revision only applies to in-force business.

3. Effective Dates

The proposed effective date is January 1, 2026 for Generations 1-22 and 25-27, June 15, 2026 for Generation 23, and June 1, 2026 for Generation 24, or as soon thereafter as approval permits.

4. Policy Form Numbers

This filing impacts the master policies listed in Appendix A, including riders associated with these forms. These policies were issued to the Federation of American Consumers and Travelers (FACT) in Edwardsville, Illinois for Generations 1-26 and in Jonesboro, Arkansas for Generation 27. Certificates were then issued to individual FACT members in the state of Iowa. The term generation is used to describe a group of master policies that were marketed at the same time.

5. Description of Benefits

High Deductible Plans, Copay Plans, Traditional Plans, and HSA Plans are major medical expense certificates sold to individuals and families. Certificates cover a selected percentage of the covered inpatient and outpatient major medical expenses in excess of a selected deductible, up to the selected coinsurance limit, and then 100% of covered expenses thereafter.

Basic, Shared Risk, and Saver Plans are basic medical-surgical certificates sold to individuals and families. Certificates cover a selected percentage of the covered inpatient and catastrophic outpatient expenses in excess of a selected deductible, up to a defined coinsurance limit, and then 100% of covered expenses thereafter.

Deductibles are on a calendar year basis. The HSA deductible is on a family basis, rather than a per-insured basis, if more than one person is covered under the certificate. HSA deductibles may also index annually based on federal tax qualification requirements. When the network option is selected, coverage is reduced for expenses resulting from services rendered by providers that are

not part of the selected network. Under a Copay Plan, certain covered expenses are not subject to the base plan deductible and/or coinsurance but may be subject to a separate deductible and/or copay amount. There are additional limitations and exclusions for some specific services. Optional benefits are also available which affect coverage under the base plan.

These certificates contain a provision for pre-notification of certain listed expenses. If these covered expenses are not pre-notified, benefits will be reduced to 80% of the regular certificate benefits. However, pre-notification does not guarantee benefits.

These certificates also contain a coordination of benefits provision.

6. **Age Basis**
   Rates vary on an attained-age basis. Certificates were generally issued for ages 18 to 64.

7. **Renewability**
   The certificates are guaranteed renewable as defined by the Health Insurance Portability and Accountability Act of 1996 (HR3103), which was effective July 1, 1997.

8. **Marketing Method**
   These certificates are not ACA-compliant and are not available for new business. They were marketed in Iowa from approximately July 1990 to December 2013. Certificates were available through direct marketing and normal Golden Rule brokerage operations, including arrangements for marketing through other carriers who did not have their own individual medical products.

9. **Underwriting**
   These certificates were individually underwritten with full medical underwriting, and the impact of underwriting was expected to wear off over time. Selection factors were used to anticipate the effects of underwriting wear-off. By the beginning of the rating period, the effect of underwriting has completely worn off of this block of business.

10. **Historical Experience**

The experience for these plans has been combined for rating purposes. Experience since inception is shown below.

Calendar Year	Member Months	Earned Premium	Incurred Claims	Loss Ratio
1990-2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025 (Jan-Feb)				
Total				

11. **Projected Experience**

The anticipated loss ratio over the rating period, with the proposed rate increase, is .

Assumptions:

Persistency	
Annual Claims Trend	
Rate Increase	24.6% effective January 1, 2026 and later

Period	Dates	Member Months	Earned Premium	Incurred Claims	Loss Ratio
Experience Period	03/01/24 - 02/28/25				
Interim Period	03/01/25 - 12/31/25				
Rating Period	01/01/26 - 12/31/26				

12. **Rating Methodology**

The experience period is the period from which the data used as the basis of the rating analysis is taken. For this filing, the experience period is March 1, 2024 to February 28, 2025. The rating period is the period over which the proposed rates are assumed to apply. For this filing, the rating period is January 1, 2026 to December 31, 2026.

Claims trend is the annual rate of change in claim costs. It reflects, among other factors, true medical inflation, emerging experience, cost shifting, increased utilization, and deductible leveraging. Claims trend is applied from the experience period to the rating period.
The annual claims trend assumption includes the following components:

Medical Trend	=	
Insurance Trend	=	
Total Trend	=	

Past data, various models and business judgment of future economic developments are all used in estimating future trend, and as such, our trend assumption is reasonable. As part of

UnitedHealthcare, we have a team of actuarial professionals in our Healthcare Economics (HCE) area whose responsibilities include developing forward-looking trend projections and monitoring historical performance in relation to trend. We have relied upon this team to provide guidance on trends appropriate for our Iowa rate development.

To account for uncertainty regarding price changes by manufacturers due to economic policy changes and/or the onshoring of manufacturing and the impact on total medical costs, most notably on pharmaceuticals, a total price impact of [redacted] is built into the submitted rate filing.

Termination rates used in calculating premiums cover terminations from all sources, including mortality and lapse. These are graded down by certificate duration. By the beginning of the rating period, all of these certificates have been in force for at least five years.

Duration	Termination Rate
Year 5+	[redacted]

This is a closed block of business with decreasing membership. Therefore, credibility of the block was reviewed. We use the following as a guideline for determining credibility of the block:

Full credibility
Any block that has [redacted] member months in the experience period is deemed fully credible.

Partial credibility
Any block that is not fully credible is considered partially credible. The partial credibility factor (Z) is determined using the formula $Z =$ [redacted] Under this scenario, the proposed rate change is a blend of the experience indicated rate change and claims trend, where the partial credibility factor (Z) is applied to the indicated rate change and the remaining credibility (1-Z) is applied to claims trend. The formula is as follows:

[redacted]

As ASOP 25, section 3.4 states: "Professional Judgment - The actuary should use professional judgment when selecting, developing, or using a credibility procedure. The use of credibility procedures is not always a precise mathematical process."

13. Average Annual Premium Per Member

The average annualized premium per member in Iowa over the March 1, 2024 to February 28, 2025 experience period was [redacted]

14. Expenses and Profit Margin

The projected margin for profit and risk contingencies on this block of business in the state of Iowa over the January 1, 2026 to December 31, 2026 rating period is approximately [redacted].

Premium	[redacted]
Claims	
Quality Improvements	
Premium Tax	
PCORI Fee	
Commission	
SG&A	
Pre-Tax Income	
Federal Income Tax	
Profit Margin & Risk Contingencies	

*Figures may not tally exactly due to rounding of the display.

A general description of each expense item is included below.

- Quality Improvements: We anticipate quality improvement of approximately [redacted] of premium over the rating period based on past experience.
- Premium Tax: The premium tax rate in the state of Iowa is 1.3%.
- PCORI Fee: PCORI fees are [redacted] per member per month (PMPM) in 2026. For these certificates in the state of Iowa, this is approximately [redacted] of premium.
- Commissions: We anticipate an average commission rate of approximately [redacted] of premium over the rating period based on past experience.
- SG&A: SG&A is expected to be [redacted] of premium over the rating period. This amount is based on past experience, informed actuarial judgment, and additional guidance from our Finance department.
- Federal Income Tax: We anticipate no federal income tax due to negative pre tax income.

15. Medical Loss Ratio

The federal MLR for these certificates over the rating period is anticipated to be [redacted]. Golden Rule Insurance Company agrees to comply with the rebate requirements of 45 CFR Part 158 should the actual market MLR fall below the 80.0% requirement.

Claims	[redacted]
Quality Improvements	
Total MLR Claims	
Premium	
Premium Tax	
Federal Income Tax	
PCORI Fee	
Total MLR Premium	
Federal MLR	

*Figures may not tally exactly due to rounding of the display.

16. Premium Classifications

Premium amounts are determined by plan, type and level of benefits, attained age, gender, original health status, tobacco use, place of residence upon premium due date, and election of optional

benefits. Rate manuals used to calculate the premium amounts for these products have been separately included.

17. Loss Ratio Standards

Using the NAIC Guidelines for these certificates, the minimum lifetime loss ratio, considering their renewability provisions, is 55.0%. As shown in Section 10 of this Memorandum as well as on Exhibit 1, the cumulative historical experience has a loss ratio of [redacted]. Exhibit 1 indicates an anticipated Lifetime Loss Ratio of [redacted].

Golden Rule Insurance Company agrees to comply with the rebate requirements of 45 CFR Part 158 should the actual market MLR fall below the 80.0% requirement. As shown in Section 15, we anticipate a federal MLR of [redacted] for these products over the rating period.

18. Actuarial Certification

I, [redacted], am an Associate Director of Actuarial Services for Golden Rule Insurance Company. I am a member of the American Academy of Actuaries, and I meet the Academy's qualification standards for rendering statements of actuarial opinion with respect to the filing of rates for health insurance products.

To the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws and regulations of your state, and the benefits are reasonable in relation to the premiums charged. In addition, rates are not excessive, inadequate, or unfairly discriminatory. They are prepared in conformity with the applicable Actuarial Standards of Practice (ASOPs).

[redacted]

[redacted]
Associate Director, Actuarial Services

June 5, 2025
Date