Rate Increase Justification

1. Scope and Range of Rate Increase

The purpose of this document is to present rate change justification for Oscar Insurance Company, Inc (Oscar's) Individual Affordable Care Act (ACA) products, with an effective date of January 1, 2026, and to comply with the requirements of Section 2794 of the Public Health Service Act as added by Section 1003 of the Patient Protection and Affordable Care Act (ACA).

Using in-force business as of March 2025, the proposed average rate increase for renewing plans is 12.5%. Rate increases vary by plan and range from 4.0% to 37.2% due to a combination of factors including shifts in benefit leveraging and cost-sharing modifications and network changes. This rate increase is absent of rate changes due to attained age.

There are 26,488 current members impacted by this rate increase.

2. Reason for Rate Increase(s)

The significant factors driving the proposed rate change include the following:

Medical and Prescription Drug Inflation and Utilization Trends

The projected premium rates reflect the most recent emerging experience which was trended for anticipated changes due to medical and prescription drug inflation and utilization.

Administrative Expenses, Taxes and Fees, and Risk Margin

Changes to the overall premium level are needed because of required changes in federal and state taxes and fees. In addition, there are anticipated changes in both administrative expenses and targeted risk margin.

Prospective Benefit Changes

Plan benefits have been revised as a result of changes in the Center for Medicare and Medicaid Services (CMS) Actuarial Value Calculator and state requirements, as well as for strategic product considerations.

Anticipated Changes in the Average Morbidity of the Covered Population

Changes to the overall premium level are needed because of anticipated changes in the underlying morbidity of the projected marketplace.

Anticipated Changes in the Network Configuration

Changes to the overall premium level are needed because of anticipated changes in the underlying network configuration and associated unit costs.

Carter Knight
Fellow, Society of Actuaries
Member, American Academy of Actuaries
July 23nd, 2025

Actuarial Memorandum

1. Introduction and Purpose

The purpose of this document, which is submitted in conjunction with the Part I Unified Rate Review Template (URRT), is to comply with the requirements of the Part III Actuarial Memorandum and to support the premium rates developed for Oscar Insurance Company (Oscar's) Affordable Care Act (ACA) products in the Individual market, with an effective date of January 1, 2026.

This actuarial memorandum provides certain information related to the rate filing submission including support for the values entered into the URRT, which demonstrates compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Iowa Insurance Division, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of Oscar's individual market rate filing.

Future regulatory changes may affect the extent to which the rates presented herein are neither excessive nor deficient.

2. General Information

Company Identifying Information

Company Legal Name:	Oscar Insurance Company
State:	Iowa
NAIC:	15777
HIOS Issuer ID:	45819
Market:	Individual
Effective Date:	January 1, 2026
Policy Forms:	OSC-IA-IVL-EOC-2026[-HIX]

Company Contact Information

Primary Contact Name:	[redacted]
Primary Contact Telephone Number:	[redacted]
Primary Contact Email Address:	[redacted]

The products offered within this filing are all guaranteed issue (i.e. no medical underwriting) and guaranteed renewable as required under the ACA. This rate filing applies to non-grandfathered plans only that are open to new sales. Premiums will be charged on a monthly basis.

3. Proposed Rate Increases

Reason for Rate Increase(s)

Exhibit A summarizes the proposed rate increases by plan effective January 1, 2026. Rate increases vary by plan due to a combination of factors including shifts in benefit leveraging, cost-sharing modifications, and geographic rating factors. Exhibit A summarizes rate change drivers. Using in-force business as of March 31st, 2025, the proposed average rate change for renewing plans is [redacted]. This rate change is absent of rate changes due to attained age.

The significant factors driving the proposed rate change include the following:

Medical and Prescription Drug Inflation and Utilization Trends

The projected premium rates reflect the most recent emerging experience which was trended for anticipated changes due to medical and prescription drug inflation and utilization.

Administrative Expenses, Taxes and Fees, and Risk Margin

Changes to the overall premium level are needed because of required changes in federal and state taxes and fees. In addition, there are anticipated changes in both administrative expenses and targeted risk margin.

Prospective Benefit Changes

Plan benefits have been revised as a result of changes in the Center for Medicare and Medicaid Services (CMS) Actuarial Value Calculator and state requirements, as well as for strategic product considerations.

Anticipated Changes in the Average Morbidity of the Covered Population

Changes to the overall premium level are needed because of anticipated changes in the underlying morbidity of the projected marketplace.

Rate Development Overview

The plans included in this rate filing are to be offered for sale effective January 1, 2026. Oscar's rate development, including the methodology described below, is based on generally accepted actuarial principles for community rated individual blocks of business.

Underlying Claim Experience

Oscar started with individual claim experience from January 1, 2024 through December 31, 2024, with runout through March 31, 2025, as the experience basis in the projection. The claim amount includes an estimate for Incurred But Not Reported (IBNR) claims.

Trend

Oscar applied utilization and unit cost trends to the underlying medical and prescription drug claims to reflect the expected claim levels in the projection period.

Benefit Adjustment

The projected claims were adjusted to reflect the benefits for each of the products to be offered on and off the exchange.

Demographics and Morbidity

The starting claim experience was adjusted to reflect changes in the anticipated morbidity and demographics corresponding to Oscar's projected 2026 membership distribution.

Market Morbidity
The starting claim experience was additionally adjusted to reflect changes in the anticipated market morbidity from the experience period to the projection period in response to the uncertainty inherent in the marketplace.

Network Adjustment
The projected claims were adjusted to reflect changes in the anticipated provider reimbursement levels and network configuration.

Risk Adjustment
The projected claims were adjusted to reflect payments to the individual (catastrophic and non-catastrophic) risk pool as a result of the risk adjustment program.

Administrative Expenses and Risk Margin
The premium incorporates an average [redacted] administrative charge, which is inclusive of general administrative expenses, commission, and risk margin.

Taxes and Fees
The premium rates reflect applicable state and federal taxes and fees for the 2026 plan year.

4. Market Experience

4.1. Experience and Current Period Premium, Claims, and Enrollment

Oscar's rates are developed using a single risk pool, established according to the requirements in 45 CFR Part 156, §156.80(d). The experience period data is based on all Oscar Individual market policies in Iowa and the projection period reflects all projected covered lives for every non-grandfathered product/plan combination for Oscar in the Iowa Individual market.

The premium earned during the experience period and as reported on Worksheet 1, Section I of the URRT are from Oscar's data warehouse for calendar year 2024. The premiums do not reflect an adjustment for MLR rebates that were paid during the experience period.

Paid Through Date

The experience period in Worksheet 1, Section I of the URRT shows Oscar's earned premium and incurred claims for the experience period of January 1, 2024 through December 31, 2024, with claims paid through March 31, 2025.

Current Date

The current period in Worksheet 2, Section II of the URRT shows Oscar's premium and enrollment using in-force business as of March 2025.

Allowed and Incurred Claims Incurred During the Experience Period

Oscar's calendar year 2024 medical and pharmacy claim data was used for developing the single risk pool claims. Worksheet 1, Section I of the URRT outlines Oscar's best estimate of claims incurred during the experience period. The estimate includes:

- Claims processed through Oscar's claim system,
- Claims processed outside of the claim system (e.g. pediatric dental and vision services), and
- Oscar's best estimate of IBNR.

Oscar's claim reserves consists of liabilities for both claims incurred but not reported ("IBNR") and reported but not yet processed through our systems that are determined by employing actuarial methods that are commonly used by health insurance actuaries. The completion factor development method is utilized for non-catastrophic claims (under $250,000), supplemented by a projected per-member per-month (PMPM) claims methodology for generally the most recent two months. Projected PMPMs are developed from the Company's historical experience and adjusted for emerging experience data in the preceding months, which may include adjustments for known changes in estimates of recent hospital and drug utilization data, provider contracting changes, changes in benefit levels, changes in member cost sharing, changes in medical management processes, claim inventory levels, product mix, and workday seasonality. A seriatim methodology is utilized for single catastrophic claims (over $250,000), supplemented by known open cases that are in various stages of review by Oscar's medical management team, or under bill audit review. A separate accrual process is also employed to develop reserves for exposure related to out-of-network and other provider disputed claims.

4.2. Benefit Categories

The benefit categories described below are based on the algorithm used by Milliman's *Health Cost Guidelines*™ (HCGs). The HCG grouper uses a combination of Diagnosis Related Groups (DRGs), Current Procedural Terminology Codes – Fourth Edition (CPT-4 Codes), Healthcare Common Procedural Coding System codes (HCPCS), and revenue codes to allocate detailed claims into roughly 60 benefit categories.

The utilization and unit cost data for rate development were assigned to benefit categories as shown in Worksheet 1, Section I of the URRT based on place and type of service using a detailed claim mapping algorithm, which can be summarized as follows:

Inpatient Hospital

Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

Outpatient Hospital

Includes non-capitated facility services for surgical, emergency room, ancillary, observation and other services provided in an outpatient facility setting and billed by the facility.

Professional

Includes non-capitated primary care, specialty care, therapy, the professional component of laboratory and radiology, and other professional services, except for hospital based professionals whose payments are included in facility fees.

Other Medical

Includes non-capitated ambulance, home health care, durable medical equipment, prosthetics, supplies, vision exams, dental services and other services. The measurement units for utilization used in this category are a mix of visits, cases, and procedures.

Capitation

Includes the amount for any services that are provided on a capitated basis.

Prescription Drug

Includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

4.3. Projection Factors

This section includes a description of each factor used to project the experience period allowed claims to the projection period, supporting information related to the development of those factors is also included.

Trend Factors – Cost and Utilization

Average cost trends were developed based on Oscar's anticipated reimbursement levels. Utilization trends were developed at the broad service category level: inpatient facility, outpatient facility, professional, other, and prescription drugs. Utilization trend assumptions were generally estimated using Milliman's HCG secular utilization trend levels, which are based on large data sets and are widely used by insurers and others to estimate expected claim costs and model healthcare utilization.

Table 1 provides the annualized trend assumptions that were used to adjust the allowed claims from the experience period to the projection period. The overall trend used to get from the experience period to the projection period is based on an unleveraged prospective annual trend of [redacted]

Table 1
Annual Trend Assumptions

Benefit Category	Trend		
	Utilization	Unit Cost	Total
Inpatient	[redacted]	[redacted]	[redacted]
Outpatient	[redacted]	[redacted]	[redacted]
Physician	[redacted]	[redacted]	[redacted]
Other	[redacted]	[redacted]	[redacted]
Prescription Drug	[redacted]	[redacted]	[redacted]
Grand Total	[redacted]	[redacted]	[redacted]

The trend factors by benefit category are included in the "Year 1 Trend" and "Year 2 Trend" entries on Worksheet 1, Section II of the URRT.

Adjustments to Trended EHB Allowed Claims PMPM

Morbidity Adjustment

The starting claim experience was adjusted to reflect changes in the anticipated morbidity corresponding to Oscar's projected demographic mix and membership distributions. A factor of [redacted] is applied for Oscar's projected demographic mix.

A second adjustment was included to reflect changes in the anticipated market morbidity in response to the uncertainty inherent in the marketplace. Specifically, Oscar anticipated changes to the market morbidity associated with the change in Iowa's enrollment for the projection period relative to the experience period, due to the ending of the enhanced subsidies introduced by the American Rescue Plan Act, as well as the several new procedures and requirements introduced by the 2025 Marketplace Integrity and Affordability Rule and the H.R.1 - One Big Beautiful Bill Act.
A factor of 1.037 is applied for these legislative impacts.

[redacted]

[redacted]

[redacted]

A combined factor of [redacted] is included in the "Morbidity Adjustment" entry on Worksheet 1, Section II of the URRT.

Demographic Shift

An adjustment was included to account for the anticipated changes in demographic mix — in both age/gender and geography — between the experience period and the projection period.

A factor of [redacted] is included in the "Demographic Shift" entry on Worksheet 1, Section II of the URRT.

Plan Design Changes

Oscar applied an adjustment to account for the anticipated changes in the average utilization of services due to differences in average cost sharing requirements between the experience period and projection period. Plan behavior change factors were applied at the plan level using factors developed from Oscar's risk adjusted Individual claim experience. The resulting allowed and net claim costs for each plan reflect differences due to cost sharing and the impact of plan behavior change only, and not due to health status.

A factor of [redacted] is included in the "Plan Design Changes" entry on Worksheet 1, Section II of the URRT.

Other Adjustments – Changes in Network

Oscar applied an adjustment of [redacted] to account for anticipated changes in provider reimbursement levels between the experience period and projection period. The reimbursement changes are in response to modifications to Oscar's underlying contracts with its providers.

Other Adjustments – Prescription Drug Rebates

An adjustment of [redacted] was included to account for the anticipated changes in the level of prescription drug rebates between the experience period and projection period.

Other Adjustments – Pooling Charge

An adjustment [redacted] of was included to account for Oscar experiencing lower than expected shock claims during the experience period. In this context, a shock claim is defined as annual costs in excess of $750,000 per individual claimant.

Other Adjustments - Combined

A combined factor of [redacted] is included in the "Other" entry on Worksheet 1, Section II of the URRT.

Manual Rate Adjustments

Not applicable. Oscar's historical experience is fully credible for the purposes of rate projections.

Credibility of Experience

In accordance with *Actuarial Standards of Practice (ASOP) #25 — Credibility Procedures,* Oscar's internal credibility manual, determined from statistical relationships inherent in nationwide experience in the individual market, assigns full

credibility at [redacted] member months. Oscar's experience includes [redacted] member months and is considered fully credible for purposes of developing claim projections.

Establishing the Index Rate

Experience Period

As shown in Worksheet 1, Section II of the URRT, the experience period index rate is $394.54. The experience period index rate reflects the estimated total combined allowed essential health benefit (EHB) claim experience in the single risk pool, and is not adjusted for payments and charges under the risk adjustment program or for marketplace user fees.

Projection Period

The index rate is defined as the EHB portion of projected allowed claims with respect to trend, benefit, and demographics and divided by all projected single risk pool lives. Oscar's projection period index rate for the 2026 plan year as shown in Worksheet 1, Section II of the URRT is [redacted]

Development of the Market-Wide Adjusted Index Rate

The market-adjusted index rate is calculated as the sum of the projection period index rate, the net impact of the risk adjustment program and the exchange user fees. Table 2 details the projection period index rate, allowable market-wide modifiers as defined in 45 CFR Part 156, §156.80(d), and the resulting market-adjusted index rate.

Table 2
Market-Adjusted Index Rate

Description	Value
Projection Period Index Rate	[redacted]
Net Impact of Risk Adjustment Program	[redacted]
Exchange User Fees (Allowed)	[redacted]
Market-Adjusted Index Rate	[redacted]

The adjustments in the table above reflect all of the market-wide modifiers allowed in federal regulation and the average demographic characteristics of the single risk pool. Please note the allowable market-wide modifiers were adjusted to an allowed basis in the development of the market-adjusted index rate which is consistent with the basis of the projected index rate.

Reinsurance

Not Applicable

Risk Adjustment Payment/Charge

To estimate the risk adjustment PMPM, Oscar relied upon the results of the Summary Report on Permanent Risk Adjustment Transfers for the 2024 Benefit Year published by CMS on June 30, 2025, in combination with the Transfer Payment Issuer Report supplied to Oscar by CMS, to estimate the market wide plan liability risk score, allowable rating factor, actuarial value, statewide average premium, and induced demand factor for the individual market. Oscar's geographic cost factor was also adjusted based on the anticipated geographic mix for the 2026 plan year.

Additional adjustments were made to account for the anticipated changes in the Health and Human Services Hierarchical Condition Categories (HHS-HCC) risk adjustment coefficient changes from the 2024 plan year to the 2026 plan year, for both Oscar and the market. These adjustments were determined from the HHS Risk Weight Conversion Tool that was supplied to Oscar by Wakely.

Oscar also included an adjustment to account for the anticipated impact of the Risk Adjustment Data Validation (RADV) audit on the 2026 plan year. To estimate the RADV impact, Oscar relied on historical experience in the individual market, measured anticipated risk adjustment coding error rates inherent in the 2022 and 2023 plan years, and forecasted those error rates to the projection period. The RADV impact is estimated [redacted]

Lastly, Oscar considered the impact to the projected risk adjustment transfer for the addition of the high-cost risk pooling mechanism that was implemented starting with the 2018 plan year.

The projected risk adjustment transfer, net of the risk adjustment user fee and expressed on an allowed basis, is estimated as a payment of approximately [redacted] and is reflected in Worksheet 1, Section II of the URRT.

Any resulting risk adjustment transfer payments would be allocated proportionally across all plans in Oscar's individual market single risk pool.

Detailed quantitative support of the risk adjustment transfer projection is provided in Exhibit C.

Exchange User Fees

Oscar assumed that [redacted] of gross premiums will enroll through the exchange which translates to an estimated exchange user fee assessment of [redacted] PMPM. Development of this estimate is provided in Table 3.

Table 3

Exchange User Fee PMPM Development

Description	Value	
% of Membership On-Exchange	[redacted]	A
Exchange Fee, % of Premium	[redacted]	B
Indicated Premium PMPM	[redacted]	C
Exchange Fee PMPM	[redacted]	D = A * B * C

The projected exchange user fee, expressed on an allowed basis, is estimated as a payment of approximately [redacted] and is reflected in Worksheet 1, Section II of the URRT.

4.4. Plan-Adjusted Index Rate

Projected Plan-Adjusted Index Rates

Exhibit D summarizes the plan-adjusted index rates, which are determined by applying the allowable plan-level modifiers to the market-adjusted index rate.

The allowable modifiers as described in 45 CFR Part 156, §156.80(d)(2) are the following:

Actuarial Value and Cost-Sharing

Each plan's actuarial value and cost-sharing factor includes a benefit relativity adjustment and the expected impact of the plan's cost sharing amounts on the member's utilization of services. Oscar's internal benefit pricing model, which uses a single claim distribution for all plans, was used to estimate how members purchase services differently based on the level

of plan-specific cost sharing. By utilizing a static claim distribution, the pricing model's adjustments assume the same demographic and risk characteristics for each plan priced and therefore exclude expected differences in the health status of members assumed to select each plan.

Plan's Provider Network and Delivery System Characteristics

Starting in 2026, Oscar will have three separate networks active in Iowa. The average factor weighted on projected membership results in a [redacted] factor.

Network Factors for the 2026 Plan Year

	Unit Cost Factor		Calibrated Factor	
Network Name	2025	2026	2026	Projected Membership
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]		[redacted]	[redacted]	[redacted]

Plan Benefits in Addition to the EHBs

Oscar's product suite will not cover benefits for any non-EHB services.

Administrative Costs, Excluding Exchange User Fees

The net claims costs are adjusted to account for expected non-benefit expenses. Exhibit E summarizes the components of the administrative cost factor as shown in Worksheet 2, Section III of the URRT.

Expected Impact of the Specific Eligibility Categories for the Catastrophic Plan

A specific eligibility adjustment reflects the difference in expected demographics between the catastrophic plan and the non-catastrophic plans due to the unique eligibility requirements of the catastrophic plan (i.e. that only individuals under the age of 30 or eligible by reason of financial hardship can enroll). This adjustment reflects that costs vary by age and the cost of the population expected to enroll in the catastrophic plan is anticipated to be lower than non-catastrophic plans.

Oscar is proposing no change to the currently approved catastrophic eligibility adjustment.

4.5. Calibration

A composite calibration adjustment is applied uniformly to all plans. Detailed support of the calibration factor is provided in Exhibit F. The market-wide calibration factor is [redacted]

Age Curve Calibration

The average age factor used in the calibration process is [redacted] and was determined by applying the standard age curve established by HHS to the projected member distribution by age, with an adjustment for non-billable members who exceed the maximum of three child dependents under the age of 21 rule.

Under this methodology, the approximate average rated age, rounded to the nearest whole number, associated with the single risk pool is [redacted]

Geographic Factor Calibration

The average geographic rating factor is [redacted] In order to determine the geographic calibration factor the projected distribution of members by area was determined. The weighted average of the area factors was then calculated using this distribution.

Tobacco Factor Calibration

The average tobacco rating factor used in the calibration process is [redacted].

The tobacco factors by age were developed using a Milliman research report titled *Impact of Height, Weight, and Smoking on Medical Claim Costs*, which tabulates the medical claim costs by age for smokers and non-smokers using a government data source, the Medical Expenditure Panel Survey (MEPS). Smoker prevalence rates, which were utilized above to develop the tobacco calibration factor, were based on Oscar's empirical data, and are not anticipated to be substantially different in the projection period.

Oscar is proposing no change to the currently approved tobacco rating factors.

4.6. Consumer-Adjusted Premium Rate Development

Oscar derives consumer-adjusted premium rates by calibrating the plan-adjusted index rate and applying the rating factors specified by 45 CFR Part 147, §147.102. Exhibit H includes the proposed rate manual and a sample rate calculation.

5. Projected Loss Ratio

Oscar's projected loss ratio based on the federally-prescribed MLR methodology is [redacted] The numerator of the projected loss ratio contains claim costs and HCQI expenses net of receipts from the risk adjustment program and the denominator consists of total premiums net of premium taxes and regulatory fees. Note the MLR in this context does not capture all adjustments, including multi-year averaging, credibility, and deductible averaging.

A summary of each component included in the loss ratio projection is provided in Exhibit I.

6. Plan Product Information

6.1. AV Metal Values

The AV metal values included in Worksheet 2, Section I of the URRT were based on the HHS actuarial value calculator with actuarial adjustments for certain plans with unique plan designs. The range of adjustments made and a description of our methodology can be found in our Unique Plan Design Justification form.

6.2. Membership Projections

Oscar projected membership as displayed in Worksheet 2, Section IV of the URRT by considering the size of the projected Iowa Individual market in 2026 as well as our historical enrollment patterns of the Iowa Individual market, to estimate our assumed market penetration rate and member months projection. For silver level plans in the individual market, an estimate was made for the portion of projected enrollment that will be eligible for CSR Variants of Silver plans at each subsidy level.

Exhibit J summarizes the membership projection by metal level, including the alternative variant silver plans which CSR eligibles can purchase, and exchange status.

6.3. Plan Type

The plan types listed in Worksheet 2, Section I of the URRT appropriately describe Oscar's plans.

7. Miscellaneous Information

7.1. Effective Rate Review Information

CSR Subsidies

Oscar assumed that CSR subsidies will not be funded by the federal government for the 2026 plan year. If CSR funds are not appropriated and CSR plans continue to be offered, Oscar will then be solely responsible for covering cost sharing for these members. The proposed rates contained herein assume that CSR subsidies remain unfunded by the federal government and that the resulting shortfall will be applied exclusively to Oscar's on-exchange silver plans. Exhibit D (3 of 3) shows the development of the calculated impact to plans due to CSR loading.

Terminated Products

Exhibit K summarizes both the discontinued plans that were included in the single risk pool during the experience period or made available thereafter and the corresponding mapped plans.

Marketing Method

Oscar will market individual policies through the federally facilitated marketplace, direct sales channels and broker arrangements.

Renewability

The products offered within this filing are all guaranteed issue (i.e., no medical underwriting) and guaranteed renewable as required under the ACA. This rate filing applies to non-grandfathered plans only that are open to new sales. Premiums will be charged on a monthly basis and are guaranteed for the duration of the 2026 plan year.

Issue Age Limit

No age limits apply to the plans represented in this filing. Dependent children are eligible for coverage up to and including age 25.

Enhanced Subsidy Continuation Alternative Rates

In the event that the American Rescue Plan Act enhanced subsidies are extended throughout the 2026 plan year, Oscar anticipates an aggregate reduction to morbidity trend of [redacted], which results in a final rate change of [redacted] instead of [redacted]. This estimate is preliminary and is subject to change should there be any other regulatory developments impacting the Individual Exchanges, including but not limited to, changes to the 2025 Marketplace Integrity and Affordability Proposed Rule, changes to the enhanced subsidy structure, and the potential funding of Cost Sharing Reductions.

Regulatory Prescribed Assumptions in Refiling

[redacted]

7.2. Cost Sharing Reduction (CSR) Funding

1. The actual CSRs the issuer paid for enrollees for PY 2024

To estimate CSRs paid in 2024, we performed an analytical readjudication of claims for all members in a CSR plan on the corresponding base Silver plan using our internal pricing Actuarial Value model. Please note that this was not a true readjudication as our internal model faces issues including, but not limited to, mismatches in claim adjudication order caused by claim adjustments, carry-over of member accumulators resulting from plan changes, and missing claim benefit codes for externally priced and adjudicated claims. Oscar simulated actual claim adjudication and performed validation on the model to ensure discrepancies are within the margin of error acceptable for the purpose of this exercise.

Overall, Oscar paid an aggregate of [redacted] in 2024 claims reflecting the true enhanced richness of all CSR variants. When adjudicating these claims on the Base Silver plan, Oscar would have paid [redacted] resulting in approximately [redacted] worth of actual CSRs for PY2024.

2. The load amount and how it was determined

Oscar's CSR loads are calculated as the projected membership's weighted average Actuarial Value of a plan's CSR variants, relative to the Actuarial Value of the base plan. The calculated CSR load is applied as a plan level adjustment to account for the actuarial value and cost sharing design of a plan, as described in 45 CFR Part 156, §156.80(d)(2)(i).

Exhibit D displays Oscar's methodology for calculating the CSR Loads applied to our Silver plans.

3. How the additional revenue collected from the applied CSR load compares to the expected amount of CSRs that will be provided to enrollees in PY 2026

As shown in Exhibit D, the estimated CSR load is calculated to cover the total additional cost of CSR benefits. However, a variety of pricing risks and limitations may result in a load amount deviating from the expected cost of additional benefits:

- CSR mix risk: If there is a discrepancy between the projected and actual member distribution across different CSR plan variants, the resulting CSR amounts will also vary. For example, if more CSR150 members enroll than expected, the average richness of plans sold will be higher than priced and the load will be insufficient. The impact can be favorable or unfavorable.
- Actual paid to allowed risk (underwriting risk): The realized paid-to-allowed ratio depends on actual member utilization and benefit mix. To the degree this deviates from the assumed utilization and benefit mix patterns, the loaded premiums can become insufficient or excessive.
- Single risk pool requirements (all metal mix / regulatory risk): When calculating the CSR premium load in an unfunded CSR environment, the adjustment is calculated as a Plan Adjustment Factor and included in the AV and Cost Sharing Design of Plan. In accordance with single risk pool requirements, these adjustments do not reflect morbidity differences amongst the CSR plan variants. However, in practice, actual CSR benefits paid will differ based on the actual morbidity levels of members enrolled in the plan. Additionally, the timing and extent to which runout is included in the reconciliation may result in lower payments.

7.3. Reliance

In developing this rate filing, several internal departments were relied upon for information and assumption setting. This information includes, but is not limited to: Actuarial providing pandemic modeling, rating factors, and claim trend projections; Insurance Financial Management providing membership projections, non-benefit expenses, and taxes and fees; supplemental market data and analytics modeling to estimate the impact of the Expiration of the Enhanced Subsidy Tax Credits from third party consultants; and the Insurance Business providing product changes and contractual terms for healthcare providers and vendors. I have performed a limited review of this information and have deemed it to be reasonable.

7.4. Actuarial Certification

I, [redacted] am an Actuary for Oscar. I am a member of the American Academy of Actuaries and I meet the qualification standards of the Academy to render the actuarial opinion contained herein.

I hereby certify that the projected index rate is to the best of my knowledge and understanding:

- In compliance with all applicable state and federal statutes and regulations (45 CFR Part 156, §156.80(d)(2) and 45 CFR Part 147, §147.102),
- Developed in compliance with the applicable Actuarial Standards of Practice, including but not limited to:
    - ASOP No. 5, *Incurred Health and Disability Claims*,
    - ASOP No. 8, *Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits*,
    - ASOP No. 12, *Risk Classification*,
    - ASOP No. 23, *Data Quality*,
    - ASOP No. 25, *Credibility Procedures*,
    - ASOP No. 26, *Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans*,
    - ASOP No. 41, *Actuarial Communications*,
    - ASOP No. 42, *Determining Health and Disability Liabilities Other than Liabilities for Incurred Claims,*
    - ASOP No. 45, *The Use of Health Status Based Risk Adjustment Methodologies,* and
    - ASOP No. 50, *Determining Minimum Value and Actuarial Value Under the ACA*.
- Reasonable in relation to the benefits provided and the population anticipated to be covered, and
- Neither excessive nor deficient.

I further certify that:

- The index rate and only the allowable modifiers as described in 45 CFR Part 156, §156.80(d)(1) and 45 CFR Part 156, §156.80(d)(2) were used to generate plan level rates,

- The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area, and
- The AV calculator was used to determine the AV metal values shown on Worksheet 2 of the Part I URRT for all plans.

URRT Methodology

The Part I URRT and Iowa ACA Rate Review Template do not demonstrate the process used by Oscar to develop proposed premium rates. It is representative of information required by federal and state 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 regulations and used consistently and only adjusted by the allowable modifiers.

Individual ACA Marketplace Changes

Rates were developed in line with the current law, which at the time of this rate filing assumes the Enhanced Premium Tax Credits included in the Inflation Reduction Act (IRA) are set to expire 12/31/2025. This also includes the recent passage of H.R.1 - One Big Beautiful Bill Act and the finalization of the 2025 Marketplace Integrity and Affordability Rule. Future regulatory, legislative, and economic changes may affect the extent to which the rates presented herein are neither excessive nor deficient. This includes, but is not limited to, changes to the 2025 Marketplace Integrity and Affordability Rule, any changes to the Premium Tax Credit subsidy structure, changes to Medicaid eligibility, and the potential funding of Cost Sharing Reductions.

[redacted]

Exhibit A

Summary of Proposed Rate Increases

Summary of Proposed Rate Increases

Benefit Plan	HIOS ID	Members	Plan-Adjusted Index Rate[1]		Rate Change
			2025	2026	
[redacted]					

[1]Represents the demographic mix of current membership by age and area distributions.

Exhibit B

Experience Rate Development

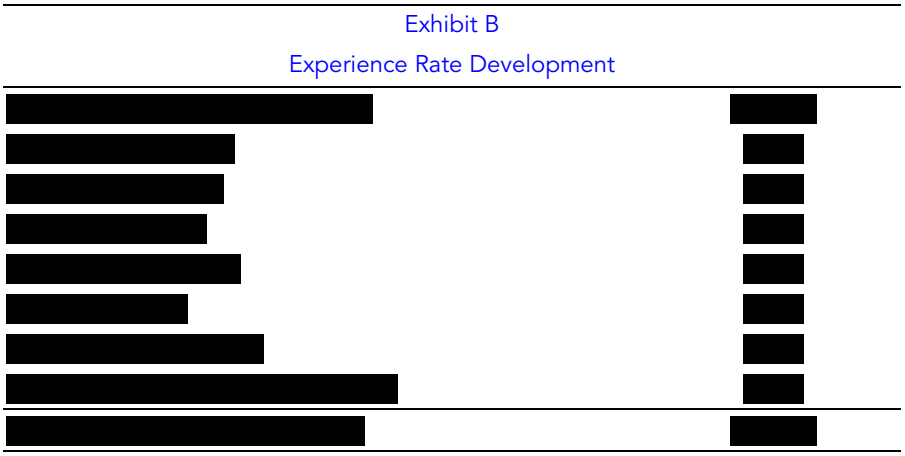

Exhibit C

Risk Adjustment Transfer Projection for the 2026 Plan Year

Risk Adjustment Transfer Projection for the 2026 Plan Year

Description	Risk Pool		Definition
	Individual	Catastrophic	
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			
[redacted]			

Exhibit D

Plan-Adjusted Index Rates (1 of 3)

Exhibit D

Plan-Adjusted Index Rates

Benefit Plan	HIOS ID	Market-Adjusted Index Rate	AV & Cost Sharing	Provider Network	EHB Adjustment	Admin Costs	Catastrophic Eligibility	Plan-Adjusted Index Rate[1]
		A	B	C	D	E	F	
[redacted]								

[redacted]

[redacted]

[1]Plan-Adjusted Index Rate = A x B x C x D x E x F

Exhibit D

Plan-Adjusted Index Rates (2 of 3)

Exhibit D

AV & Cost Sharing

Benefit Plan	HIOS ID	Paid-to-Allowed Ratio	CSR Load	Induced Demand Factor	AV & Cost Sharing[1]
		A	B	C	
[redacted]					

[redacted] [redacted] [redacted] [redacted] [redacted] [redacted]

[1]AV & Cost Sharing = A x B x C

Exhibit D

CSR Load Development (3 of 3)

HIOS ID	Plan Name	CSR Variant	Exchange	Base Silver Plan AV	Plan AV	Projected CSR Distribution	Weighted Plan AV	CSR Load
				A	B	C	D = Weighted AVG (A * B) by Plan	E = D / A
[redacted]								

Exhibit E

Administrative Cost Factor Components

Summary of Administrative Costs

Description	Allocation Category	
	PMPM	% of Premium
General Administration	[redacted]	[redacted]
Broker Commissions	[redacted]	[redacted]
HCQI	[redacted]	[redacted]
Subtotal — Administrative Expense Load	[redacted]	[redacted]
Premium Tax	[redacted]	[redacted]
Risk Adjustment User Fee	[redacted]	[redacted]
PCORI	[redacted]	[redacted]
Exchange Fee	[redacted]	[redacted]
Federal Income Tax	[redacted]	[redacted]
Subtotal — Taxes and Fees	[redacted]	[redacted]
Risk Margin[1]	[redacted]	[redacted]
Subtotal — Risk Margin	[redacted]	[redacted]
Total Retention[2]	[redacted]	[redacted]

[1]The targeted risk margin is net federal income taxes.

[2]The exchange user fee is excluded from the total retention estimate.

Exhibit F

Calibration Development

Age	Member Distribution[1]	Age Factor[2]
[redacted]		

Rating Area	Member Distribution	Area Factor
[redacted]		
Total		

Calibration
Calibration Factor
[redacted]

Age	Member Distribution		Tobacco Factor
	Smoker	Non-Smoker	
[redacted]			

[1]Distribution of projected billed members.

[2]Non-billed members were assigned a factor of 0.

Exhibit G

Geographic Rating Factors

Rating Area	Description	Member Distribution[1]	Area Factor		% Change
			Current[2]	Proposed	

[1]Membership distribution as of March 2025.

[2]The current factors were normalized with the current distribution for comparison purposes.

Exhibit H

Rate Manual

Sample Rate Calculation

Sample Member Demographics

Silver Simple PCP Saver, 40 Year Old Smoker, Rating Area 7

	Source	Factor
Plan-Adjusted Index Rate:	Exhibit D	[redacted]
Age Factor:	Exhibit F	[redacted]
Tobacco Factor:	Exhibit F	[redacted]
Area Factor:	Exhibit G	[redacted]
Calibration Factor:	Exhibit F	[redacted]

Calculation of Projected Premium

=Plan-Adjusted Index Rate x Age Factor x Tobacco Factor x Area Factor / Calibration Factor

[redacted]

Exhibit I

Projected Medical Loss Ratio

Projected Medical Loss Ratio (Federally-Prescribed)

Description	Value	Definition
Net Claims	[redacted]	A
HCQI	[redacted]	B
Risk Adjustment	[redacted]	C
MLR Numerator	[redacted]	D = A + B + C
Premium	[redacted]	E
Taxes	[redacted]	F
MLR Denominator	[redacted]	G = E - F
Projected MLR	[redacted]	H = D / G

Exhibit J

Distribution of Projected Membership Across Metal

Metal	Exchange Status	Membership	
		Distribution	Member Months
Catastrophic	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Bronze	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Silver Base Plan	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Silver 94% CSR Variant	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Silver 87% CSR Variant	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Silver 73% CSR Variant	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Gold	On	[redacted]	[redacted]
	Off	[redacted]	[redacted]
Total		[redacted]	[redacted]

Exhibit K

Terminated Products

PY Terminated	Terminated Plan Name	Terminated HIOS ID	Mapped Plan Name	2025 HIOS ID
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]