Wellpoint Insurance Company
Rate Justification for QHP Plans

GENERAL INFORMATION

Qualified Health Plan (QHP) issuers are required to post a justification for a rate change to its website. Below is the justification for the rate change effective January 1, 2026 for Wellpoint Individual medical QHP plans offered in Texas that are fully-compliant with the Patient Protection and Affordable Care Act (ACA).

SCOPE AND RANGE OF RATE INCREASES

This filing includes an average rate change of 33.8%, excluding the impact of aging, effective January 1, 2026. At the individual plan level, rate increases range from 17.5% to 40.7% for renewing plans. A subscriber's actual rate could be higher or lower depending on the geographic location, age characteristics, dependent coverage, and other factors. The rate changes are expected to affect around 37,000 enrollees.

FINANCIAL EXPERIENCE OF THE PRODUCT

Since Wellpoint was a new entrant in the Texas Individual market for 2025, this product does not have any 2024 experience. Active 2025 membership and premiums are shown on Worksheet 2, Section II of the URRT. The requested rate increases account for Wellpoint's latest expectations for 2026, and are expected to result in a loss ratio of 88.06% in 2026 using the methodology prescribed by 45 CFR 158.221.

CHANGES IN MEDICAL SERVICE COSTS

The primary driver of the premium changes is the increase to the cost of healthcare. The rate changes are associated with increases in the "unit" cost of services primarily from hospitals, physicians, and pharmaceutical companies, coupled with increases in the consumption of services, or "utilization," by members. Increases in the unit costs of services are driven by many things, including technological advances, cost shifting to private insurers due to reductions in Medicaid and Medicare reimbursement, general inflationary pressures, and a variety of other factors. In particular, the costs of new prescription drugs will continue to have a notable effect on pharmacy inflation.

CHANGES IN BENEFITS

Wellpoint will renew all plans offered in 2025. Relative to plan designs offered in 2025, Wellpoint's renewing 2026 product portfolio involves various changes to cost sharing to ensure compliance with the 2026 Actuarial Value Calculator and benefit structures for any mandated benefit plans, as well as to maintain a competitive market position and align with consumer demand. The changes include adjusting the deductible, out-of-pocket maximums, coinsurance, and copay amounts. All plan designs comply with applicable laws and guidelines.

ADMINISTRATIVE COSTS AND ANTICIPATED MARGINS

Wellpoint continues to effectively manage administrative and selling costs. Anticipated profits are not expected to materially change such that the changes would impact the proposed rate increase. The Affordable Care Act requires that no less than 80% of a health insurer's premium dollars go to medical expenses, otherwise a premium rebate to employers and subscribers must be generated to refund the difference. Accordingly, Wellpoint files premiums targeting compliance with that requirement.