

## **Written Description Justifying the Rate Increase**

Compcare Health Services Insurance Corporation  
Consumer Disclosure for Proposed Health Insurance Rate Increase  
Individual On & Off-Exchange Plans  
Rate Change Effective January 1, 2025

### SCOPE AND RANGE OF THE RATE INCREASE

Compcare Health Services Insurance Corporation (Compcare) has made an application to the Wisconsin Office of the Commissioner of Insurance for a rate change of 9.8 percent, excluding the impact of aging, for its ACA-compliant individual health plan products effective January 1, 2025. At the individual plan level, the rate changes range from -10.0 percent to 26.1 percent. This increase will impact approximately 67,200 Wisconsin members renewing in 2025 with Compcare. The actual rate change for a subscriber could be higher or lower depending on the benefit plan selected, geographic location, age characteristics, and dependent coverage.

### FINANCIAL EXPERIENCE

Compcare expects the proposed rate increase will cover projected medical trends and yield a medical loss ratio of 85.2 percent on an ACA basis, meaning at least eighty-five cents of each premium dollar are expected to go to covering medical expenses and improving health care quality for our members. Please note that this MLR calculation is purely an estimate and not meant to be a true measure for Federal or State MLR rebate purposes. Also note that the projected Federal MLR presented here does not capture all adjustments, including but not limited to: three year averaging, credibility, and deductible. The projected MLR for Compcare is expected to meet or exceed the minimum MLR standards at the market level after including all adjustments. If the actual MLR is less than the Federal required minimum, Compcare will refund the difference to policyholders.

### CHANGES IN MEDICAL SERVICE COSTS

The primary driver of the rate increase in the filing is the continued increase in the cost of healthcare. This is driven by increases in the price of services, or unit costs, 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 technology advances, general inflationary pressures, and a variety of other factors. Changes in utilization of services can be driven by the aging of the population, benefit design and many other factors.

### ADMINISTRATIVE COSTS AND ANTICIPATED PROFITS

Compcare 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 percent of a health insurer premiums go to medical expenses and improving health care quality, otherwise a premium rebate to subscribers must be generated to refund the difference. Accordingly, Compcare is filing premium increases targeting compliance with that requirement.