

Appendix A: Rate Transparency Report

Individual Rate Filing

Effective: 1/1/2027

I. High level narrative summarizing rate changes for 2027PY submission and the main drivers of the rate change (e.g., trend, benefit changes, etc.), along with a table showing the numerical rate change for each of the drivers identified and the overall rate change:

Response: The average rate change is projected to be 14.6%. The largest drivers of the rate change are:

- 1) Differences between projected 2025 claims and actual 2025 claim experience
- 2) An additional year of trend from 2026 to 2027
- 3) Changes in administrative cost

These drivers of an upward rate change are being offset by savings from:

- 1) Decrease in the projected risk transfer adjustment payment
- 2) Decrease in regulation and legislation impacts
- 3) Decrease in plan/network factors and mix
- 4) Increase in pharmacy rebates

Table 2.1 Presbyterian Health Plan Breakdown of the Proposed Rate Change	
Overall Projected Rate Increase (Subcomponents are Multiplicative):	14.6%
Difference Between Experience and PY26 Projection for 2025	10.9%
Change in Trend Assumptions from 2025 to 2026	2.8%
Additional Year of Trend from 2026 to 2027	9.0%
Change in Projected Rebates	-1.7%
Change in Savings Initiatives	0.8%
Change in Regulation and Legislation	-1.2%
Change in Morbidity	-0.1%
Change in Claims Processed Outside of the System	-0.4%
Change in Projected Risk Adjustment and HCRP	-0.9%
Change in Non-EHB Benefits	0.0%
Change in Administrative Cost	3.4%
Change in Commissions	-0.6%
Change in Taxes/Fees	-0.6%
Change in Margin	0.0%
Change in Plan/Network Factors and Mix	-9.4%
Change in Area Factors and Residual (Interaction of Impacts)	3.2%

II. High level narrative summarizing form changes for 2027PY submission:

Response: Presbyterian updated the form documents for changes in plan offerings, plan design, and formularies in 2027.

III. High level description of how the revised rates were determined, including general description and source of each assumption used:

Response: Calendar year 2025 paid claims were used as the starting point for the projection. These were adjusted for rebates and claims processed outside the system and then normalized for demographics (area, age) and plan design (benefits and network) to a "1.0" basis. The 1.0 paid PMPM was then trended to 2027 using different medical and prescription drug trends, taking into account the impact of legislative

changes, Presbyterian's care management savings, payment integrity improvements, and anticipated changes in morbidity. Claims were then adjusted to the plan-level projected paid PMPM by accounting for benefit and network differences. Lastly, administrative cost, taxes/fees, risk adjustment, and margin were loaded onto the claim cost after being converted to a 1.0 basis to generate the final 1.0 2027 premium ratio (calibrated plan adjusted index rate).

IV. Expected federal medical loss ratio for blocks of business in existence for at least three years:

Response: The estimated MLR for Presbyterian's commercial block of business the last three years are:

- 1) 2025 = 113.8%
- 2) 2024 = 120.0%
- 3) 2023 = 100.2%

V. High level narrative of the supporting information that demonstrates how the blocks of business will meet the requirements for medical loss ratio in state and federal law:

Response: The table below shows our development of the projected 2027 MLR, which is roughly 83.7%. This exceeds the minimum loss ratio of 80.0%.

Table 13.1 Presbyterian Health Plan Projected Federal Medical Loss Ratio	
	2027
Member Months	220,372
MLR Numerator Calculations	
Paid Claims PMPM	\$713.43
Risk Adjustment Paid (Received) PMPM	(\$2.89)
MLR Numerator Calculations	\$710.54
MLR Denominator Calculations	
Premium PMPM	\$926.00
Estimated Taxes and Fees Percent of Premium	8.3%
MLR Denominator	\$849.04
Medical Loss Ratio	83.7%

VI. Medical costs, including utilization and compensation rates trend, justifying the rate increase. Identify the aggregate types of expenditures in those categories that support the premium rate increase in the geographic area covered. This section does not need to include provider compensation, only the trend:

Response: One year of claims trend from 2026 to 2027 is estimated to be 9.2% after accounting for utilization management, regulatory impacts and changes in pharmacy rebates.

VII. High level description of blocks of business in existence for at least three years, premium revenues, claims history, losses and reserves for the three years preceding the date of filing. Provide supporting documentation and whether the insurer has ceased to actively offer or sell to new applicants a block of business for which it seeks a rate increase:

Response: The table below shows the membership, revenue, and claim history of the individual block of business from 2022 through 2025. Reserves are set for all New Mexico business together and were

\$25.3m in 2022, \$145.0m in 2023, \$77.4m in 2024, and \$195.0M in 2025 as of the end of each year. Losses are tracked for Commercial business together and were -\$7.6m in 2022, \$12.2m in 2023, \$60.5m in 2024, and \$30.9 in 2025.

Calendar Year	Earned Premium	Paid Claims	Member Months
2022	\$35,285,843	\$30,987,952	72,652
2023	\$87,010,533	\$73,647,437	168,246
2024	\$113,880,177	\$124,028,780	207,124
2025	\$136,999,803	\$137,022,267	221,987