

## **PART II RATE INCREASE JUSTIFICATION**

### **Hawaii Medical Service Association Affordable Care Act Individual Policies in Hawaii Effective January 1, 2026**

Our requested rates include only the amounts needed to cover the expected health care benefits of our members, the cost of administering their benefits, expected Affordable Care Act (ACA) fees, and a small charge to help manage the risk of offering benefits to this population.

We based our rate increase request on a review of past costs of benefits and other expenses. These historical costs are adjusted for trend, to account for expected changes in use of medical services, cost inflation, and other factors that affect the cost of care. We also adjusted costs for benefit changes, which were largely made to comply with government mandated plan designs. Administrative expenses have been relatively flat over the past couple of years.

The overall requested rate increase for our plans is 12.3%. The increases range from a low of 10.5% for the Platinum PPO plan to a high of 15.9% for the Catastrophic plan. The Catastrophic plan is the only plan exceeding a 15% increase. There are 21,945 members, including 386 Catastrophic plan members, enrolled in our ACA Individual plans as of March 2025.

HMSA has moderate rate increases for ACA Individual plans over the past several years. From 2022 to 2025, we managed to keep the average annual rate increase to 6.0%.

We understand that any rate increase creates hardship for some members. However, the increase is necessary to keep up with the costs of covering this population and ensure the plan remains viable in the future. HMSA expects to offer plans in all metallic levels (Bronze, Silver, Gold, Platinum) as well as a Catastrophic Plan.