



# Illinois Department of Insurance

---

JB PRITZKER  
Governor

ANN GILLESPIE  
Director

September 4, 2026

Health Care Service Corporation, A Mutual Legal Reserve Company  
1400 S. Boston Avenue  
Tulsa, OK 74119  
*Transmitted via SERFF*

**RE: Proposed Premium Rates in the Transitional Small Group Market - SERFF Tracking No. ILCP-134960994**

Dear Health Care Service Corporation, A Mutual Legal Reserve Company:

This letter provides my determination on behalf of the Illinois Department of Insurance (“Department”) regarding your proposed premium rates for the above-captioned market pursuant to 215 ILCS 5/355, 50 Ill. Adm. Code 2026, and 45 C.F.R. Part 154.

The Department received your initial rate filing submission on May 28, 2026. The Department posted the non-confidential portions of the initial rate filing on our public website and solicited public comments as described in 215 ILCS 5/355(d)-(e) and 50 Ill. Adm. Code 2026.70.

The Department appointed an actuarial firm, Risk & Regulatory Consulting, LLC (“RRC”), to assist Department staff in reviewing your rate filing, any related public comments, and any revisions you made to the rate filing or other correspondence with your representatives about this filing during the review process. Under 215 ILCS 5/355, the purpose of the review process was to enable the Department to determine whether any of your proposed rates would constitute an “unreasonable rate increase” as defined in 45 C.F.R. § 154.205 or an “inadequate rate” as defined in 215 ILCS 5/355(a). RRC has provided the Department a “September 2026 Public Rate Filing Decision Summary for Small Group Transitional Plans”, attached hereto, which contains the firm’s recommendation regarding the reasonability of your proposed rates and includes the firm’s findings, actuarial justifications, and rationale.

Having consulted with qualified personnel employed and retained by the Department and based on the contents of the rate filing and any related public comments, I hereby adopt RRC’s enclosed findings, actuarial justifications, and rationale as my own. Pursuant to 215 ILCS 5/355 and 50 Ill. Adm. Code 2026, I have determined that your currently proposed rates in the final version of the filing do not constitute an unreasonable rate increase or an inadequate rate and therefore are approved.

Sincerely,

Ann Gillespie  
Director of Insurance

**Springfield Office**  
320 W. Washington Street  
Springfield, Illinois 62767  
(217) 782-4515

**Chicago Office**  
115 S. LaSalle St., 13<sup>th</sup> Floor  
Chicago, Illinois 60603  
(312) 814-2420

## September 2026 Public Rate Filing Decision Summary for Small Group Transitional Plans

The Illinois Department of Insurance (IDOI) engaged Risk & Regulatory Consulting, LLC (RRC) to assist in the actuarial review of rates filed by certain insurance carriers that provide individual and small group health insurance benefits to residents of the State of Illinois. Their scope of work involved reviewing the filing, preparing objection questions for additional information as needed, and providing their observations and opinion. Their actuarial review is not intended to serve as the basis for actual product pricing. The ultimate decision regarding the reasonability of the filed rates is determined by the IDOI. RRC prepared this memorandum in order to make the rate filing decision available to the public pursuant to 215 ILCS 5/355.

This document is prepared as a consumer tool to help explain the rate filing. It is not intended to describe or include all factors or information considered in the review process. Based on review of the filing, the final rates are considered to be reasonable.

### Overview

This table provides an overview of the rate filing.

|                                     |                                                                 |
|-------------------------------------|-----------------------------------------------------------------|
| <b>Company Name</b>                 | Health Care Service Corporation, A Mutual Legal Reserve Company |
| <b>SERFF Filing ID</b>              | ILCP-134960994                                                  |
| <b>Individual or Small Group</b>    | Small Group                                                     |
| <b>Effective Date</b>               | September 1, 2026                                               |
| <b>Exchange Information</b>         | Off-Exchange (Transitional)                                     |
| <b>Product Type(s) Offered</b>      | HMO and PPO                                                     |
| <b>Tobacco Rating Factors Used</b>  | No                                                              |
| <b>Description of Service Areas</b> | Statewide                                                       |

### Rate Change Summary

This table provides a summary of the rate change.

|                                                         |                      |
|---------------------------------------------------------|----------------------|
| <b>Average Final Rate Change (Minimum, Maximum)</b>     | 15.0% (15.0%, 15.0%) |
| <b>Average Requested Rate Change (Minimum, Maximum)</b> | 15.0% (15.0%, 15.0%) |
| <b>Expected Number of People Affected</b>               | 34,000               |

### Allocation of Premium by Expense Type

This table illustrates the projected percentage of premium used to pay for claims vs. other expenses.

| Category           | % of Premium |
|--------------------|--------------|
| Claims             | 86.5%        |
| Administrative     | 8.0%         |
| Taxes & Fees       | 0.5%         |
| Profit/Risk Margin | 5.0%         |

## Process and Considerations for the September 2026 Plan Year

Rate filing guidance is provided to insurers via a Department Bulletin. Company Bulletin 2022-05<sup>1</sup> provides guidance to insurers filing existing transitional health plans. The rate filings were reviewed for compliance with the Bulletin and federal requirements. The insurers provided an initial filing summary which was posted to the Department's website. The rate review includes an objection process to obtain sufficient documentation from the insurer to review the reasonability of the submitted rate filing. RRC reviewed the information gathered during this process to provide observations and opinions for IDOI to consider in making its determination whether the filing shows an unreasonable rate increase as described in 50 Ill. Adm. Code 2026.40<sup>2</sup>.

## Review of Key Methodology & Assumptions

The key pricing methodology and assumptions that were used to develop the rates effective September 1, 2026, were reviewed for reasonability. RRC examined the rate filing considering the factors, including but not limited to, those identified in Illinois regulation at 50 Ill. Adm. Code 2026.50(c) and (d). The following sections provide a summary of that review.

### Base Experience

To assess the reasonability of the base experience, a reconciliation between the claims and premium used in pricing and the claims and premium reported in the Company's financial statement were reviewed for consistency.

### Trend

The Company assumed an annualized trend rate of 9.0% from experience period (November 1, 2024 through October 31, 2025) to the projection period (September 1, 2026 through August 31, 2027). To assess the reasonability of the trend assumption, the Company's trend assumption and support for the assumption was compared to published industry trend surveys as well as the market.

### Projection Factors

The Company projects the base experience to the projection period using allowable projection factors. Adjustments are made for morbidity (health status), demographics (age and gender), utilization patterns (including day-of-week and holiday effects), provider contracting changes, and

<sup>1</sup> Illinois Department of Financial and Professional Regulation:

<https://doi.illinois.gov/content/dam/soi/en/web/insurance/companies/companybulletins/cb2022-05.pdf>

<sup>2</sup> Ill. Admin. Code tit. 50, § 2026.40 - Unreasonable Rate Increases | State Regulations | US Law | LII / Legal Information Institute: <https://www.law.cornell.edu/regulations/illinois/Ill-Admin-Code-tit-50-SS-2026.40>

prescription drug trends (mix, unit cost, and utilization). The Company may also adjust for one-time events that occurred during the experience period but are not expected to recur in the projection period. The methodology and assumptions used to develop these adjustments were reviewed for reasonability.

### **Administrative Expense**

The Company includes the cost of administrative expenses in the rate development (8.0% of premium). Administrative expenses include general administrative costs as well as broker commissions. The Company's assumption was compared to the prior filing and to the market for reasonability.

### **Taxes and Fees**

The Company includes the cost of taxes and fees in the rate development (0.5% of premium). The taxes and fees are set at the State and Federal level and are generally not assumptions made by the Company.

### **Profit**

The Company included 5.0% of premium for a target net contribution to surplus. Support for the profit assumption was requested and reviewed for reasonability.

RRC found the assumptions to be reasonable.

### **Disclosures**

This memorandum provides a summary for the rate review that RRC performed for the IDOI. A full RRC report with the details of the review was provided to the IDOI to inform their decision. The full report contains additional disclosures applicable to the review as required by Actuarial Standards of Practice.

This memorandum was prepared for the exclusive use of the IDOI. Any other reader understands that this memorandum was provided exclusively for the IDOI's sole benefit and use, and not for the benefit or use of the reader or any other third party. The reader acknowledges that this memorandum was prepared at the direction of the IDOI and may not include all procedures or information deemed necessary for the purposes of the reader, and that certain findings and information may have been communicated to the IDOI that are not reflected in this memorandum. The reader further acknowledges that RRC makes no representations as to the sufficiency, accuracy, completeness, or appropriateness of this memorandum for the reader's purposes. The reader agrees that it does not acquire any rights as a result of access to this memorandum that it would not otherwise have had and acknowledges that RRC does not assume any duties or obligations

to the reader in connection with such access to this memorandum. The reader of this memorandum agrees to release, indemnify and hold harmless RRC and its affiliates and their respective partners, principals, officers, directors, employees, contractors and representatives from and against any and all claims, actions, liabilities, damages, losses, costs or expenses (including reasonable attorneys' fees) incurred or suffered by or asserted against RRC as a result of the IDOI permitting the reader to access to the work or the reader's breach of the agreements herein. Any distribution of this memorandum must be in its entirety.