

**State:** Illinois  
**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO  
**Product Name:** MercyCare 2027 IL SG HMO Rates  
**Project Name/Number:** /

## Filing at a Glance

Company: MercyCare HMO, Inc.  
Product Name: MercyCare 2027 IL SG HMO Rates  
State: Illinois  
TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)  
Sub-TOI: HOrg02G.004F Small Group Only - HMO  
Filing Type: Rate  
Date Submitted: 06/09/2026  
SERFF Tr Num: MCIN-134909424  
SERFF Status: Submitted to State  
State Tr Num:  
State Status:  
Co Tr Num:  
  
Effective 01/01/2027  
Date Requested:  
Author(s): John Trochlell, Morgyn Ray, Nicole Oliveira  
Reviewer(s):  
Disposition Date:  
Disposition Status:  
Effective Date:  
  
State Filing Description:

**State:** Illinois  
**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO  
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## General Information

Project Name: Status of Filing in Domicile:  
Project Number: Date Approved in Domicile:  
Requested Filing Mode: Review & Approval Domicile Status Comments:  
Explanation for Combination/Other: Market Type: Group  
Submission Type: New Submission Group Market Size: Small  
Group Market Type: Overall Rate Impact: 6.66%  
Filing Status Changed: 06/09/2026  
State Status Changed: Deemer Date:  
Created By: Nicole Oliveira Submitted By: Nicole Oliveira  
Corresponding Filing Tracking Number:  
State TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO) State Sub-TOI: HOrg02G.004F Small Group Only - HMO  
PPACA: Non-Grandfathered Immed Mkt Reforms  
PPACA Notes: null  
Include Exchange Intentions: No

### Filing Description:

We are filing rates for our small group HMO plan for the 2027 plan year. The plan will be available to small employer groups off-exchange only. Updated forms for the small group HMO plan are also being filed under MCIN-134909421.

Items in the form filing include:

Member Certificate - Form number MCIL\_SGHMO\_JAN2027 and MCIL\_SGHMOHSA\_JAN2027

Summary of Benefits and Coverage - Form number MCIL\_SGHMO\_SBC\_2027

Plan Specific Schedule of Benefits -Form number MCIL\_SGHMO\_SOB\_2027\_xxxxx. The last five digits of each contain a plan identifier.

## Company and Contact

### Filing Contact Information

John Trochlell, Director of Actuarial and Underwriting jtrochlell@mhemail.org  
580 N. Washington 608-758-7710 [Phone]  
Janesville, WI 53548

### Filing Company Information

MercyCare HMO, Inc.	CoCode: 12195	State of Domicile: Wisconsin
580 N Washington	Group Code: 3595	Company Type: HMO
PO Box 550	Group Name: MercyCare Health Plans	State ID Number:
Janesville, WI 53547-0550		
(608) 752-3431 ext. [Phone]	FEIN Number: 20-1482553	

State:

TOI/Sub-TOI:

Product Name:

Project Name/Number: /

Illinois

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only  
- HMO

MercyCare 2027 IL SG HMO Rates

Filing Company:

MercyCare HMO, Inc.

Filing Fees

State Fees

Fee Required?

Retaliatory?

Fee Explanation:

No

No

SERFF Tracking #:	MCIN-134909424	State Tracking #:	Company Tracking #:
State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO		
Product Name:	MercyCare 2027 IL SG HMO Rates		
Project Name/Number:	/		

Rate Information

Rate data applies to filing.

Filing Method:	SERFF
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	4.160%
Effective Date of Last Rate Revision:	01/01/2026
Filing Method of Last Filing:	SERFF
SERFF Tracking Number of Last Filing:	MCIN-134453746

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
MercyCare HMO, Inc.	Increase	6.660%	6.660%	\$121,233	30	\$1,820,312	10.940%	3.710%

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## Rate Review Detail

### COMPANY:

Company Name: MercyCare HMO, Inc.  
HHS Issuer Id: 54322

### PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
IL SG HMO			240

Trend Factors:

### FORMS:

New Policy Forms: MCIL\_SGHMO\_JAN2027 and MCIL\_SGHMOHSA\_JAN2027  
Affected Forms:  
Other Affected Forms:

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Quarterly  
Member Months: 2,657  
Benefit Change: None  
Percent Change Requested: Min: 3.71 Max: 10.94 Avg: 6.66

### PRIOR RATE:

Total Earned Premium: 1,825,832.00  
Total Incurred Claims: 1,583,187.00  
Annual \$: Min: 262.15 Max: 1,464.44 Avg: 633.97

### REQUESTED RATE:

Projected Earned Premium: 1,947,432.00  
Projected Incurred Claims: 1,688,628.00  
Annual \$: Min: 279.58 Max: 1,534.26 Avg: 676.19

<b>SERFF Tracking #:</b>	MCIN-134909424	<b>State Tracking #:</b>	<b>Company Tracking #:</b>
<b>State:</b>	Illinois	<b>Filing Company:</b>	MercyCare HMO, Inc.
<b>TOI/Sub-TOI:</b>	HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO		
<b>Product Name:</b>	MercyCare 2027 IL SG HMO Rates		
<b>Project Name/Number:</b>	/		

URRT

State Determination

<b>Review Status:</b>	Incomplete
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SERFF Tracking #:	MCIN-134909424	State Tracking #:	Company Tracking #:
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URRT Items

Item Name	Attachment(s)
Actuarial Memorandum	<i>ILSmallGroup-2027ActMemo.pdf</i>
Actuarial Memorandum - Redacted	<i>ILSmallGroup-2027ActMemoRedacted.pdf</i>

**PART III ACTUARIAL MEMORANDUM**

**MERCYCARE HMO, INC.**

**SMALL GROUP RATE FILING**

**JANUARY 1, 2027**



## **LIST OF APPENDICES**

**Appendix A: Index Rate Development**

**Appendix B: Plan Adjusted Index Rate Development**

**Appendix C: Induced Utilization Factors**

**Appendix D: Age Curve**

**Appendix E: Proposed Rates**

**Appendix F: Age Calibration Development**

**Appendix G: Membership Projections by Plan**

**Appendix H: Membership Projections by Age**

**Appendix I: Plan Map**

**Appendix J: EHB Costs Not Covered by the Manual Rate**

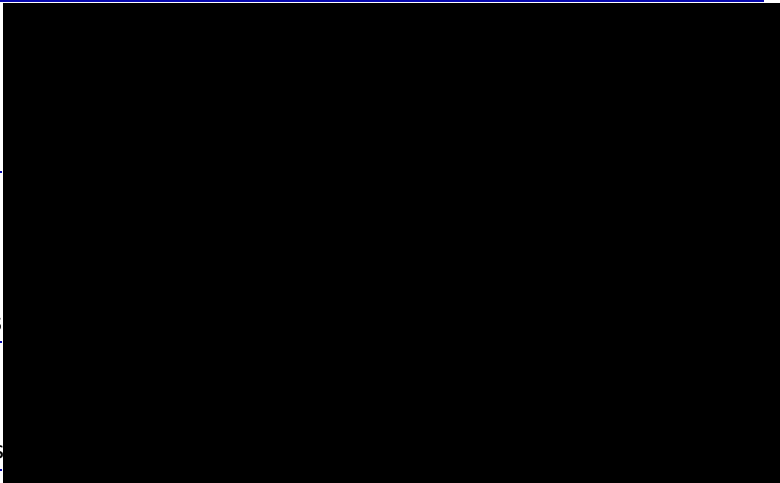
**Appendix K: Commission Schedules**

**Appendix L: Reliance Letter**

## GENERAL INFORMATION (SECTION 4.2)

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been engaged to assist MercyCare HMO, Inc. (MercyCare) in the pricing of its non-grandfathered, non-Medicare products that are proposed to be offered off the Exchange for the Small Group market in the State of Illinois effective January 1, 2027. This filing is for an existing product and the proposed rates are effective January 1, 2027. The benefits and rate development structure are intended to comply with the applicable requirements as outlined in the Affordable Care Act (ACA) and corresponding regulations, as well as any Illinois specific requirements. Oliver Wyman has prepared this actuarial memorandum on behalf of MercyCare. Applicable sections in this memorandum are labeled with the corresponding section of the Part III 2027 Unified Rate Review Instructions released by CMS, as well the corresponding section of the Illinois Actuarial Memorandum Requirements checklist.

### Company Identifying and Contact Information

Company Legal Name	MercyCare HMO, Inc.
State	Illinois
HIOS Issuer ID	54322
NAIC Number	12195
Market	Small Group
Effective Date	January 1, 2027
Primary Contact Name	
Primary Contact Number	
Primary Contact Address	
Primary Contact Email Address	
Secondary Contact Name	
Secondary Contact Number	
Secondary Contact Address	
Secondary Contact Email Address	
Certifying Actuary Name	
Certifying Actuary Number	
Certifying Actuary Email Address	

### Scope and Purpose of Filing (State Act Memo Item 1a)

The rates presented in this memorandum are for an existing product. MercyCare HMO, Inc. proposes to offer Small Group HMO plans in Illinois Rating Areas 2 and 5, effective January 1, 2027.

The purpose of this actuarial memorandum is to demonstrate that the proposed rates are reasonable in relationship to the benefits provided and meet all rating requirements of the applicable laws and regulations in the State of Illinois, as well as comply with the applicable requirements of the Affordable Care Act (ACA) and all related regulations. All assumptions and methods used to calculate the proposed rates are presented within this memorandum.

The intended audience for this document is the Illinois Department of Insurance (the Department). This document is not intended for any other purpose.

**Market(s) Impacted (State Act Memo Item 1b)**

This filing covers plans that will be offered in the Small Group ACA market during calendar year 2027. These plans will be offered off-Exchange and sold only in McHenry, Winnebago, Stephenson, and Boone counties, which are located within Illinois Rating Areas 2 and 5.

**Policy Forms and Plan IDs (State Act Memo Item 1c)**

The policy form number covered by this filing is MCIL\_SGHMO\_JAN2027.

The following table lists the HIOS Product Code and Product Name covered by this filing:

HIOS Product Code	HIOS Product Name
54322IL006	MercyCare HMO

The following table lists each HIOS Plan ID covered by this filing:

HIOS Plan ID	HIOS Plan Name	Metal Level
54322IL0061002	MercyCare HMO CO-90 \$250 Deductible	Platinum
54322IL0061003	MercyCare HMO CO-80 \$500 Deductible	Platinum
54322IL0061004	MercyCare HMO CO-80 \$2,000 Deductible	Gold
54322IL0061005	MercyCare HMO CO-80 \$3,000 Deductible	Gold
54322IL0061008	MercyCare HMO H.S.A. CO-100 \$3,500 Deductible	Gold
54322IL0061007	MercyCare HMO CO-70 \$4,000 Deductible	Silver
54322IL0061009	MercyCare HMO CO-70 \$6,750 Deductible	Silver

**Description of Benefits (State Act Memo Item 1d)**

MercyCare will offer seven major medical plans under the Small Group ACA product in 2027. The plan offerings include two platinum plans, three gold plans, and two silver plans. None of the 2027 plan offerings include embedded pediatric dental coverage. All plans provide coverage for all essential health benefits (EHBs) included in the Illinois EHB benchmark package and no EHB substitutions were made. The following benefits designated as non-EHBs will be covered: routine eye exams for adults and gender affirming care. Abortion services will be covered as required by the Reproductive Health Act.

**Identification of Block as Open or Closed**

All plans offered under MercyCare's Small Group ACA product are open to new sales.

**Marketing Method (State Act Memo Item 1e)**

All of the plans included in this filing will be marketed off-Exchange. The products will be marketed through licensed independent agents.

## PROPOSED RATE CHANGE (SECTION 4.3)

### History of Rate Adjustments (State Act Memo Item 2a)

Quarterly rate adjustments prior to 2026 were as follows:

Effective Date	Rate Change	Effective Date	Rate Change
4/1/2018	1.7%	1/1/2023	-2.4%
7/1/2018	1.7%	4/1/2023	1.3%
10/1/2018	1.7%	7/1/2023	1.4%
1/1/2019	-1.9%	10/1/2023	0.8%
4/1/2019	1.7%	1/1/2024	4.6%
7/1/2019	1.7%	4/1/2024	1.5%
10/1/2019	1.7%	7/1/2024	1.6%
1/1/2020	-0.6%	10/1/2024	0.9%
4/1/2020	0.8%	1/1/2025	2.3%
7/1/2020	0.9%	4/1/2025	1.7%
10/1/2020	0.6%	7/1/2025	1.9%
1/1/2021	-1.5%	10/1/2025	0.8%
4/1/2021	1.2%		
7/1/2021	1.2%		
10/1/2021	0.9%		
1/1/2022	1.5%		
4/1/2022	1.2%		
7/1/2022	1.3%		
10/1/2022	0.8%		

The average annual rate change for 2026 was an increase equal to approximately 4.2%.

### Effective Date of Requested Rate Increase (State Act Memo Item 2b)

The effective date of the proposed rates is January 1, 2027.

### Months of Rate Guarantee (State Act Memo Item 2c)

Rates will be guaranteed for a 12-month period after being issued.

### Effective Through Date and Any Rate Increase Schedule Applicable (State Act Memo Item 2d)

The premium rates will be effective for policies issued or renewed throughout calendar year 2027. The premium rates will be increased to account for quarterly trend, as specified in the rate templates submitted with this rate filing. The quarterly trend is explained in more detail in Section 4.4.3.5 (State Act Memo Item 5c) of this Actuarial Memorandum.

### SERFF Number of Prior Filing (State Act Memo Item 2e)

MCIN-134453746

**Effective Date of Prior Filing (State Act Memo Item 2f)**

The effective date of the prior filing was January 1, 2026.

**Proposed Percentage Rate Change (State Act Memo Item 2g)**

The premium rate changes shown for each plan in the table that follows reflect the change from Q1 of 2026 to Q1 of 2027. The total average member weighted rate change is 6.5%. (The URRT uses a premium weighted calculation that results in an average rate change of 6.7%.)

HIOS ID	Average Rate Change	Minimum Rate Change	Maximum Rate Change
54322IL0061002	4.8%	4.8%	4.8%
54322IL0061003	3.7%	3.7%	3.7%
54322IL0061004	8.0%	8.0%	8.0%
54322IL0061005	8.2%	8.2%	8.2%
54322IL0061008	10.9%	10.9%	10.9%
54322IL0061007	8.1%	8.1%	8.1%
54322IL0061009	6.6%	6.6%	6.6%

The premium rate changes shown for each plan in the table that follows reflect the change from Q4 of 2026 to Q4 of 2027. The total average rate change is 6.8%.

HIOS ID	Average Rate Change	Minimum Rate Change	Maximum Rate Change
54322IL0061002	5.1%	5.1%	5.1%
54322IL0061003	4.0%	4.0%	4.0%
54322IL0061004	8.3%	8.3%	8.3%
54322IL0061005	8.5%	8.5%	8.5%
54322IL0061008	11.3%	11.3%	11.3%
54322IL0061007	8.4%	8.4%	8.4%
54322IL0061009	7.0%	7.0%	7.0%

**Reason for Rate Change (State Act Memo Item 2h)**

The primary factors driving the rate change are claims underlying the manual rate, medical and prescription drug trends, morbidity, and updated administrative cost projections. The rate changes vary by plan due to the paid-to-allowed ratios used in pricing being updated for 2027 based on Oliver Wyman's pricing model and the induced utilization impact.

The quantitative impact and narrative regarding the most impactful drivers of rate change are listed below:

**Experience and Trend:**

[REDACTED]

**Morbidity, Risk Adjustment, and Demographics:**

[REDACTED]

**Plan Factors and Networks:**

[REDACTED]

**Average Annual Premium (State Act Memo Item 2i)**

The average annual premium per member based on the projected membership distribution by age, geography, and plan without the proposed rate increase is estimated to be: \$7,618.

The average annual premium per member based on the projected membership distribution by age, geography, and plan with the proposed rate increase is estimated to be: \$8,114.

**Number of Policy Holders and Covered Lives (State Act Memo Item 2j)**

MercyCare had 30 policyholders and 240 covered lives enrolled in this product as of April 2026.

**Projected Loss Ratio With and Without Proposed Rate Increase (State Act Memo Item 2k)**

The projected loss ratios shown below for 2027 are based on dividing projected incurred claims by earned premium.

Traditional Loss Ratio With Proposed Rate Increase: [REDACTED]

Traditional Loss Ratio Without Proposed Rate Increase: [REDACTED]

**Cumulative, Future and Lifetime Loss Ratios (State Act Memo Item 2l)**

The historical loss ratios for prior years are summarized below:

Year	Premium	Risk Transfer	Incurred Claims	Loss Ratio
[REDACTED]				

The projected loss ratio shown below for 2027 is based on dividing projected incurred claims by earned premium.

Projected Traditional Loss Ratio for 2027: [REDACTED]

Since the proposed rates were not developed to achieve a target lifetime loss ratio over many years, projected experience beyond groups renewing in 2027 was not modeled or considered in the development of the proposed rates.

## MARKET EXPERIENCE (SECTION 4.4)

### Experience and Current Period Premium, Claims, and Enrollment (Section 4.4.1)

#### Single Risk Pool

The single risk pool utilized in pricing MercyCare's Illinois Small Group ACA product complies with the requirements of 45 CFR 156.80.

#### Dates of Service for the Experience Period Used to Develop Rates (State Act Memo Item 3a)

Premium and claims from the period of January 1, 2025 through December 31, 2025 were reviewed in the development of the proposed rates. The experience period premium is the earned and received premium from the MercyCare billing system.

#### Paid Through Date (State Act Memo Item 3b)

The date through which claims were paid was March 31, 2026.

#### Current Date

Current enrollment and premium are reported as of April 2026.

#### Allowed and Incurred Claims With Dates of Service During the Experience Period (State Act Memo Item 3c)

The total estimated allowed claims for MercyCare's Illinois Small Group ACA book of business for dates of service in calendar year 2025 was \$1,709,381. A summary of the experience period member months as well as allowed and incurred claims, including IBNP amounts as of March 31, 2026, is provided below:

	Paid Through 3/2026	IBNP	Est. 2025 Total
<b>Medical</b>			
Allowed			\$1,190,753
Incurred			\$921,205
<b>Pharmacy</b>			
Allowed			\$518,628
Incurred			\$531,143
<b>Member Months</b>			

#### Method for Determining Allowed Claims (State Act Memo Item 3d)

Allowed and incurred claim amounts for non-capitated services were extracted directly from MercyCare's claims system. Allowed amounts for MercyCare facility services subject to a capitation arrangement were calculated as the sum of capitation payments plus member cost sharing for those services.

**Incurred but Not Paid Claims (State Act Memo Item 3e)**

Incurred but not paid (IBNP) amounts were developed based on a set of completion factors provided by MercyCare. It is our understanding that the completion factors that were provided were developed based on a review of recent historical claim payment completion patterns for MercyCare's current book of business.

**Premium in Experience Period (Net of MLR Rebates) (State Act Memo Item 3f)**

Premium in calendar year 2025, net of anticipated MLR rebates: \$1,657,767

Based on the estimated MLR for 2025 and taking into account the credibility of the underlying experience, this figure assumes no MLR rebates will be paid for calendar year 2025.

**Benefit Categories (Section 4.4.2)**

Various characteristics of the claim records underlying the manual rate experience were used to allocate costs to the service categories shown in Worksheet 1 of the URRT. These characteristics included place of service, provider type, revenue codes, procedure codes, etc. The definitions used to classify each claim into the applicable benefit category are consistent with the preferred definitions in the URRT instructions.

**Inpatient**

Inpatient hospital claims are claims associated with an inpatient facility stay. These reflect medical, surgical, maternity, mental health, substance abuse and skilled nursing facilities. The number of days was counted for each admission and is the unit of utilization shown in Worksheet 1 of the URRT.

**Outpatient**

Outpatient hospital claims are claims associated with outpatient facility services (rather than visits, for example). These include emergency room services and facility costs for surgeries, lab and radiology services, therapies, etc.

**Professional**

Professional claims are claims associated with primary care, specialists, therapy, the professional component of lab and radiology and other professional services. Procedure codes and provider types are used to allocate these claims.

**Other Medical**

Other medical claims are claims associated with ambulance, home health care, DME prosthetics, supplies, dental services, and other items. The number of total services was counted and is the unit of utilization shown in Worksheet 1 of the URRT for the Other Medical category.

**Prescription Drugs**

Prescription drugs include all drugs dispensed by a retail or mail-order pharmacy.

**Capitation**

All services provided under one or more capitated arrangements.



## Projection Factors (Section 4.4.3)

### Trend Factors (Section 4.4.3.1) (State Act Memo Item 5b)

The medical and pharmacy annual utilization trend rates used to project claim costs for services that will not be covered under MercyCare's 2027 facility capitation arrangement from 2025 to 2027 were developed based on an analysis of reputable industry trend reports given that this product has limited historical experience that can be used in the development of trend.

To perform this analysis, industry cost and utilization trends by service category (i.e., Facility Inpatient, Facility Outpatient, Professional, Other Medical Services, and Pharmacy) and in aggregate were gathered and reviewed. The sources utilized included the most recent versions of the CMS National Health Expenditures Analysis, Oliver Wyman Carrier Trend Report, and Segal Health Plan Cost Trend Survey Report.

The unit cost trends for facility, professional, and prescription drug services were provided by MercyCare based on recently observed trends and the anticipated changes in fee schedules between 2025 and 2027.

The calculated unit cost and utilization trends vary among the service categories. However, for services that will not be covered under MercyCare's 2027 facility capitation arrangement the estimated overall underlying annual trends over the specified time period are below.

Utilization Trend: [REDACTED]

Unit Cost Trend: [REDACTED]

Service Category	Distribution of Allowed Costs*	Utilization Trend	Unit Cost Trend	Total
Inpatient (including SNF)	[REDACTED]			
Outpatient				
Professional				
Other				
Drug				
<b>Total</b>	[REDACTED]			

\* Distribution of non-capitated claims only

### Adjustments to Trended EHB Allowed Claims PMPM (Section 4.4.3.2)

#### Morbidity Adjustment (State Act Memo Item 5e)

A morbidity adjustment equal to [REDACTED] was applied to the base experience to reflect that the estimated average morbidity of the population anticipated to be insured in MercyCare's Illinois Small Group ACA product in 2027 [REDACTED]

**Demographic Shift (State Act Memo Item 5d)**

An adjustment was applied to claims for services that will not be covered under MercyCare's 2027 facility capitation arrangement for differences in the average age and gender between the experience period population and the population expected to enroll in MercyCare's Illinois Small Group ACA product in 2027. We assumed the demographic distribution of the population anticipated to enroll in MercyCare's Illinois Small Group ACA product in 2027 would follow a similar distribution as the membership currently enrolled in MercyCare's Illinois Small Group ACA product. Using age/gender factors developed from the Merative® MarketScan® Commercial Database (MarketScan),<sup>1</sup> we estimated the difference in average projected costs in MercyCare's Illinois Small Group ACA product in 2027 relative to the experience period due to demographic differences.

Average Age Underlying Experience: [REDACTED]

Average Age of Projected Population: [REDACTED]

Adjustment for Changes in Demographics: [REDACTED]

**Plan Design Change (State Act Memo Item 5a)**

There is not a material change in coverage of benefits expected between 2025 and 2027 for MercyCare's Illinois Small Group ACA product.

Adjustment for Changes to Benefits: [REDACTED]

**Other Adjustments (State Act Memo Item 5f)**

Additional adjustments that have been incorporated into the development of the projected experience include the following:

**i. Induced Utilization**

An induced utilization adjustment was applied to allowed claims for services that will not be covered under MercyCare's 2027 facility capitation arrangement to reflect expected differences in utilization due to differences in the average plan design underlying the base experience and the average plan design anticipated during the projection period. Using Oliver Wyman's proprietary pricing model, calibrated to the average allowed cost during the experience period, we calculated the ratio of expected paid claims to allowed charges for each plan. We then weighted these factors by the experience period enrollment distribution by plan to attain an experience period average paid-to-allowed ratio. Using the same pricing model, calibrated to the anticipated allowed cost during the projection period, we also estimated the ratio of expected paid claims to allowed charges for each plan anticipated to be offered in 2027. We weighted the projected paid-to-allowed ratios by the projected 2027 enrollment distribution by plan to estimate the average expected paid-to-allowed ratio for the projection period.

We then calculated the relative utilization of services due to cost sharing differences based on the factors utilized by HHS. The HHS factors for each metal level are as follows:

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<sup>1</sup> The MarketScan Commercial Claims and Encounters Database consists of employer- and health plan-sourced data containing medical and drug data for several million individuals annually, encompassing employees, their spouses, and dependents who are covered by employer-sponsored private health insurance.

<b>Metal Level</b>	<b>Induced Utilization Factor</b>
Platinum	1.15
Gold	1.08
Silver	1.03
Bronze	1.00

The utilization factors in the table above follow the formula below, where the term U represents the induced utilization factor and AV represents the actuarial value as measured by the paid-to-allowed ratio.

$$U = (AV)^2 - AV + 1.24$$

We used the calculated overall average paid-to-allowed ratios for the experience and projection periods and the induced utilization formula above to calculate an induced utilization factor underlying the base period experience and a projected 2027 induced utilization factor. The induced utilization adjustment was calculated by dividing the projected 2027 induced utilization factor by the base period induced utilization factor.

	<b>Base Period Experience</b>	<b>Projection Period</b>
Average Paid-to-Allowed Ratio		
Induced Utilization Factor		
<b>Induced Utilization Adjustment</b>		

## ii. Rx Rebates

Prescription drug rebates as a percentage of total prescription drug claims are anticipated to change, resulting in an adjustment to the index rate.

Estimated Rx Rebates as a % of Total Paid Prescription Drug Claims 2025: [REDACTED]

Estimated Rx Rebates as a % of Paid Total Prescription Drug Claims 2027: [REDACTED]

Adjustment for Changes in Rx Rebates: [REDACTED]

## iii. Inclusion of Capitation Payments


### Manual Rate Adjustments (Section 4.4.3.3)

#### Methodology Used to Develop the Credibility Manual Rate (State Act Memo Item 6a)

The manual rate was developed based on MercyCare’s Wisconsin Large Group experience for the period January 1, 2025 through December 31, 2025 in Wisconsin, with adjustments applied to reflect the population anticipated to be covered under MercyCare’s Small Group ACA plans in Illinois, as well as the expected benefits and provider contracts that will be in place in 2027.

#### Source and Appropriateness of the Experience Data Used (State Act Memo Item 6b)

The manual rate was developed based on MercyCare’s Wisconsin Large Group experience, excluding the State of Wisconsin, for the period January 1, 2025 through December 31, 2025, with payments through March 31, 2026. The manual experience is considered fully credible. A summary of the manual experience member months as well as allowed and incurred claims, including IBNP as of March 31, 2026, is provided below:

	Paid Through 3/2026	IBNP	Est. 2025 Total
<b>Medical</b>			
Allowed			
Incurred			
<b>Pharmacy</b>			
Allowed			
Incurred			
<b>Member Months</b>			

Allowed and incurred claims in the table above were extracted directly from MercyCare’s claims system.

IBNP amounts in the table above were developed based on a set of completion factors provided by MercyCare. It is our understanding that the completion factors that were provided were developed based on a review of recent historical claim payment completion patterns for MercyCare’s current book of business.

In developing a manual rate, the claims experience used must be adjusted to reflect the population anticipated to be covered under MercyCare’s Small Group ACA plans in Illinois, as well as the impact of the benefits, utilization, and provider contracts that will be in place in 2027. The use of MercyCare’s Wisconsin Large Group experience as the basis for the manual rate reduces the number of adjustments required and the potential for misestimation in the rates for the following reasons:

- i. The members in MercyCare’s Wisconsin Large Group plans will utilize a similar provider network and experience a similar level of provider discounts as those who are anticipated to enroll in MercyCare’s Small Group ACA block in Illinois during the 2027 rate period. The differences between the networks and discount levels are known and have been adjusted for.
- ii. It is expected that the care management practices, provider referral patterns, fraud and abuse investigation and claim payment practices that underlie the Wisconsin Large Group experience used for the manual rate are consistent with those anticipated for the proposed Small Group ACA plans in Illinois.

- iii. MercyCare facility services are subject to a capitation arrangement for both Wisconsin Large Group and Illinois Small Group ACA.

Therefore, it is appropriate to use one year of MercyCare’s Wisconsin Large Group experience as the basis for the non-capitated portion of the manual rate.

### **Adjustments Made to the Data (State Act Memo Item 6c)**

The following adjustments were made to the 2025 Wisconsin Large Group experience to reflect appropriate Illinois-specific 2027 cost and utilization levels:

#### **i. Changes to Benefits**

Mandated coverage for 2027 in Illinois relative to the coverage available during the base period represented by the Wisconsin Large Group experience is estimated to increase the expected allowed claims that will not be covered under MercyCare’s 2027 facility capitation arrangement. This adjustment was developed based on a comparison of the coverage underlying MercyCare’s 2025 Wisconsin Large Group population relative to the Illinois EHB benchmark plan for 2027. The most impactful mandated covered services that were not covered in MercyCare’s 2025 Wisconsin Large Group product include the following: infertility treatment, private-duty nursing, bariatric surgery, nutritional counseling, and routine footcare. Adjustments for each of these benefits were developed using a combination of an analysis of claims by service type from the MarketScan database as well as information available in other industry studies. The PMPMs and sources for these mandated covered services can be found in Appendix J.

Adjustment for Changes to Benefits: [REDACTED]

#### **ii. Trend**

The annual utilization trend rates used to project medical and pharmacy claim costs for services that will not be covered under MercyCare’s 2027 facility capitation arrangement from 2025 to 2027 were developed based on an analysis of reputable industry trend reports given that this product has limited experience and the Wisconsin Large Group experience underlying the manual rate has limited historical experience that can be used in the development of trend.

To perform this analysis, industry cost and utilization trends by service category (i.e., Facility Inpatient, Facility Outpatient, Professional, Other Medical Services, and Pharmacy) and in aggregate were gathered and reviewed. The sources utilized included the most recent versions of the CMS National Health Expenditures Analysis, Oliver Wyman Carrier Trend Report, and Segal Health Plan Cost Trend Survey Report.

The unit cost trends for facility, professional, and prescription drug services were provided by MercyCare based on recently observed trends and the anticipated changes in fee schedules between 2025 and 2027.

The calculated unit cost and utilization trends vary among service categories. However, for services that will not be covered under MercyCare’s 2027 facility capitation arrangement the estimated overall underlying annual trends over the specified time period are below.

Utilization Trend: [REDACTED]

Unit Cost Trend: [REDACTED]

Service Category	Distribution of Allowed Costs*	Utilization Trend	Unit Cost Trend	Total
Inpatient (including SNF)				
Outpatient				
Professional				
Other				
Drug				
<b>Total</b>				

\* Distribution of non-capitated claims only

### iii. Changes in Demographics

An adjustment was applied to claims for services that will not be covered under MercyCare's 2027 facility capitation arrangement for differences in the average age and gender between the population underlying the experience used to develop the manual rate and the population expected to enroll in MercyCare's Illinois Small Group ACA product in 2027. We assumed the demographic distribution of the population anticipated to enroll in MercyCare's Illinois Small Group ACA product in 2027 would follow the same distribution as the membership currently enrolled in MercyCare's Illinois Small Group ACA population. Using age/gender factors developed from the MarketScan database, we estimated the difference in average projected costs in MercyCare's Illinois Small Group ACA product in 2027 relative to the experience underlying the manual rate due to demographic differences.

Average Age Underlying Experience used to Develop Manual Rate: [REDACTED]

Average Age of Projected Population: [REDACTED]

Adjustment for Changes in Demographics: [REDACTED]

### iv. Morbidity

A morbidity adjustment was applied to the manual rate experience for services that will not be covered under MercyCare's 2027 facility capitation arrangement to reflect the expected average morbidity of the projected population in MercyCare's Illinois Small Group ACA product in 2027. Below is a summary of the morbidity adjustment calculation:



**v. Induced Utilization**

An induced utilization adjustment was applied to the allowed claims used to develop the manual rate for services that will not be covered under MercyCare's 2027 facility capitation arrangement to reflect expected differences in utilization due to differences in the average plan design underlying the experience used to develop the manual rate and the average plan design anticipated in MercyCare's Illinois Small Group ACA block during the projection period. Using Oliver Wyman's proprietary pricing model, calibrated to the average allowed cost during the experience period, we calculated the average ratio of expected paid claims to allowed charges for each plan. We then weighted these factors by the experience period enrollment distribution by plan to attain an experience period average paid-to-allowed ratio. Using the same pricing model, calibrated to the anticipated allowed cost during the projection period, we also estimated the ratio of expected paid claims to allowed charges for each plan anticipated to be

offered in 2027. We weighted the projected paid-to-allowed ratios by the projected 2027 enrollment by plan to estimate the average expected paid-to-allowed ratio for the projection period.

We then calculated the relative utilization of services due to differences in cost sharing based on the factors utilized by HHS. The HHS factors for each metal level are as follows:

Metal Level	Induced Utilization Factor
Platinum	1.15
Gold	1.08
Silver	1.03
Bronze	1.00

The utilization factors in the table above follow the formula below, where the term U represents the induced utilization factor and AV represents the actuarial value as measured by the paid-to-allowed ratio.

$$U = (AV)^2 - AV + 1.24$$

We used the calculated overall average paid-to-allowed ratios for the experience and projection periods and the induced utilization formula above to calculate an induced utilization factor underlying the manual rate experience and a projected 2027 induced utilization factor. The induced utilization adjustment was calculated by dividing the projected 2027 induced utilization factor by the manual rate induced utilization factor.

	Manual Rate Experience	Projection Period
Average Paid-to-Allowed Ratio		
Induced Utilization Factor		
<b>Induced Utilization Adjustment</b>		

## vi. Provider Contract Changes

[illegible]



**vii. Network Differences**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**viii. Inclusion of Capitation Payments in Developing the Credibility Manual Rate (State Act Memo Item 6d)**

[REDACTED]

[REDACTED]

**Credibility of Experience (Section 4.4.3.4)****Credibility Methodology (State Act Memo Item 7a)**

Experience underlying the development of the manual rate was assumed to be fully credible at [REDACTED] member months. This threshold was determined through the use of Limited Fluctuation Credibility Theory. Using this approach, a claim probability distribution model was first developed based on industry level claim distributions. The modeling took into consideration the impact the high-cost claim pooling that is part of the federal risk adjustment program has on claim volatility. Based on the claim probability distribution model and the application of Limited Fluctuation Credibility Theory, it was determined that [REDACTED] member months of experience would be an appropriate credibility threshold

such that the underlying experience would represent expected claims levels within [REDACTED] of the time.

### **Credibility Level (State Act Memo Item 7b)**

Credibility was calculated using the following formula:

$$Credibility = Min \left( \sqrt{\left( \frac{Experience\ MMs}{[REDACTED]} \right)}, 1 \right)$$

Member Months Underlying Base Period Experience: [REDACTED]

Based on that volume of member months and the formula above, partial credibility equal to approximately [REDACTED] could be assigned to the experience for this population. However, as discussed in Actuarial Standard of Practice #25, the “actuary should exercise professional judgment when using a credibility procedure” and “the use of credibility procedures is not always a precise mathematical process.” In this instance, we are assigning zero credibility to the 2025 Illinois Small Group ACA base experience due to the fact that it contains information for less than [REDACTED] average annual members.

Credibility Assigned to Experience: [REDACTED]

[REDACTED]

Member Months Underlying Manual Rate Experience: [REDACTED]

### **Establishing the Index Rate (Section 4.4.3.5)**

#### **Credibility Adjusted Projected Claims (State Act Memo Item 9)**

The credibility adjusted projected claims PMPM was developed by blending the projected experience period claims and the credibility manual rate. As noted above, the experience period was not assumed to be credible. Therefore, the credibility adjusted projected claims PMPM is equal to that of the manual rate.

Credibility Adjusted Projected Claims: \$644.70 PMPM

#### **Projected Index Rate (State Act Memo Item 10)**

The projected Index Rate is \$644.70 PMPM. This Index Rate only includes costs for those benefits that are considered Illinois EHBs. Please see Appendix A for the development of the Projected Index Rate.

We have provided two exhibits showing the development of the Index Rate. In Appendix A.1 the adjustments shown reflect the average adjustments that were applied to a base period allowed cost which includes both claims for services that will be subject to MercyCare’s 2027 facility capitation agreement and those that will not be. In Appendix A.2 the development separates the inclusion of the projected capitation claim cost PMPM into a distinct line item; prior to the inclusion of that line item, the development of the projected allowed claims for services that will not be subject to MercyCare’s 2027 facility capitation agreement is shown. The adjustments being applied to the allowed claims for services that will not be subject to MercyCare’s 2027 facility capitation agreement in Appendix A.2 tie to

the adjustments described above. The adjustments in Appendix A.1 that are applied to the base period experience tie to Worksheet 1 of the URRT development.

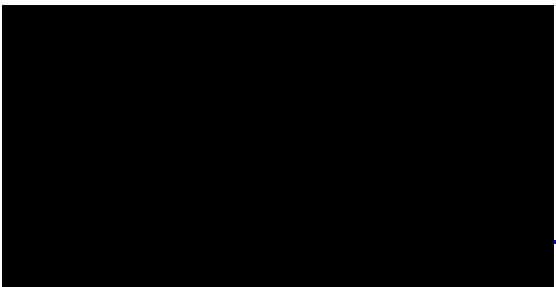



Please note, \$644.70 is the calendar year index rate. In Appendix A, the 1/1/2027 Index Rate of \$633.90 represents an Index Rate for a 1/1/2027 effective date. The URRT Worksheet I value of \$634.71 represents the average Q1 2027 Index Rate, which includes a minimal amount of trend to establish the Q1 Index Rate as the mid-point of the quarter, per the URRT instructions.

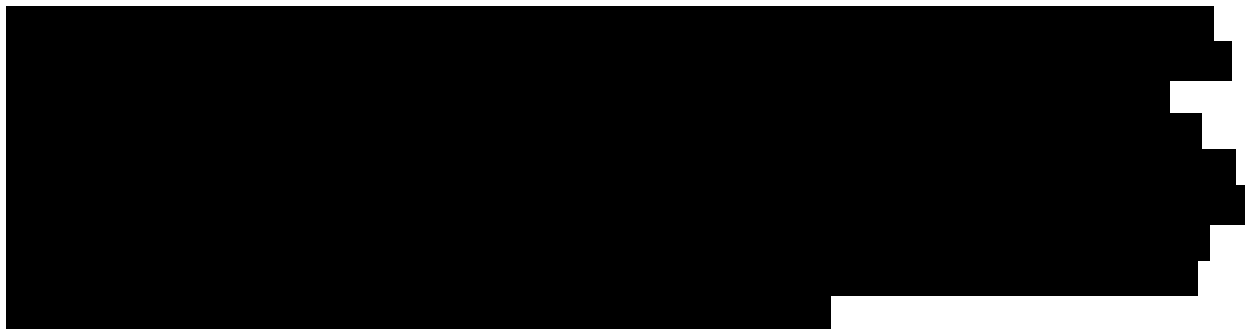
### Small Group Quarterly Trend Increases (State Act Memo Item 5c)

This filing does include the application of quarterly trends. The quarterly trends were developed based on the annual trend rate and taking into consideration the capitation rate PMPM.

### Small Group Quarterly Rate Filings (State Act Memo Item 5c)

The Index Rate shown in the URRT recognizes the impact of trending rates quarterly. Quarterly index rates were developed by trending the Index Rate using the annual trend rates. The Index Rate entered into the URRT is based on a member-weighted Index Rate for policies sold in each quarter. The exhibit below demonstrates the build-up of the Index Rate shown in the URRT, and the resulting quarterly adjustments applied in developing rates for each quarter.

	Q1	Q2	Q3	Q4	Total Single Risk Pool
Projected Mem Months by Issue Date					
1/1/2027 Index Rate					
Months of Trend (from 1/1/2027 Index Rate)					
Trend Factor (using a  annual trend)					
Index Rate					\$644.70
<b>Trend factors to arrive at quarterly PAIR*</b>					
<i>*Relative to Q1 2027 Index Rate</i>					



### Development of the Market-wide Adjusted Index Rate (Section 4.4.3.6) (State Act Memo Item 12)

45 CFR 156.80(d) indicates that the Index Rate must be adjusted for total market-wide payments, charges under the Federal risk adjustment program, and Exchange User Fees. The derivation of the Market Adjusted Index Rate follows.

<b>Adjustments</b>	
Risk Transfer Adjustment	
+ Exchange User Fee Adjustment	
= Aggregated Adjustments	
Index Rate for the Projection Period	\$644.70
x (1 + Aggregated Adjustments)	
= <b>Market Adjusted Index Rate</b>	<b>\$745.39</b>

Please note, \$745.39 is the calendar year Market Adjusted Index Rate. The URRT Worksheet I value of \$733.84 represents the average Q1 2027 Index Rate, based on the mid-point of the quarter, per the URRT instructions.

### Reinsurance

No projected reinsurance recoveries from federal or state reinsurance programs are expected.

### Risk Adjustment (State Act Memo Item 11)

The table below shows the development of the anticipated risk transfer payment based on the morbidity level being projected for MercyCare's Illinois Small Group ACA membership in 2027. The estimate was calculated using the formula outlined in the HHS Notice of Benefit and Payment Parameters for 2026, as demonstrated quantitatively in the following table. (Note the table does not include the risk transfer program fee.)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [illegible]

Please note, these values will not tie directly to the URRT as this demonstration is on a calendar year basis and the claims and premiums included in Worksheet I of the URRT are presented on a Q1 2027 basis.

## Plan Level Adjusted Index Rate (Section 4.4.4) (State Act Memo Item 13)

The Market Adjusted Index Rate may be further adjusted for one or more of five plan level adjustments as outlined in 45 CFR 156.80(d)(2). The derivation of each of these plan level adjustments is described below and shown in detail in Appendix B.

### Actuarial Value and Induced Utilization

The first component of this adjustment is the plan level paid-to-allowed ratio. A paid-to-allowed ratio, or pricing AV, was developed for each plan and applied to the Market Adjusted Index Rate, which represents an allowed cost, to develop the expected paid cost.

The pricing AVs were derived by evaluating each plan design using Oliver Wyman's proprietary pricing model, which is based on over \$142 billion in allowed claims for approximately 198 million member months and contains over 60 service categories by which cost sharing may be varied. The model also accommodates a wide variety of cost sharing provisions.

The model was calibrated to a level consistent with MercyCare's expected allowed cost in 2027. The same calibrated model was used to develop the pricing AVs for each plan so as not to reflect differences in the populations that may select each plan; all plans are assigned paid-to-allowed ratios assuming the same underlying morbidity and demographics. The resulting paid-to-allowed ratio for each plan represents the expected impact of each plan's cost sharing amounts on the claim payments to be made by MercyCare relative to the allowed claim costs. The overall average paid-to-allowed factor was calculated by weighting the paid-to-allowed ratio for each plan by the expected enrollment in each plan.

In addition to the paid-to-allowed ratio, we included an adjustment to reflect the relative utilization of services expected for each plan (i.e., induced utilization) due to cost sharing. We utilized the same methodology and factors that were applied in adjusting the experience when developing the Index Rate, as previously described.

We calculated the relative induced utilization factor for each plan by comparing the induced utilization factor for the subject plan to the overall average induced utilization factor underlying the Market Adjusted Index Rate. The induced utilization factor for each plan is based on the plan metal level. This methodology produced an overall relative induced utilization factor across all plans that was not equal to 1.000. Therefore, a normalization factor was applied to each plan so that the combination of the relative utilization adjustment and the normalization factor across all plans was 1.000. Please see Appendix C for the induced utilization factor for each plan for 2027 and past years as well as the weighted average by metal level.

Projection Period Average Paid-to-Allowed Factor: [REDACTED]

Projection Period Induced Utilization Factor: [REDACTED]

Normalization Factor: [REDACTED]

**Network and Care Management**

MercyCare has only one provider network that will be used for all plans within this product. Further, the same level of care management will be employed across all plans. Therefore, this plan level adjustment is not utilized.

**Additional Benefits Beyond EHBs**

In addition to EHBs, MercyCare will offer adult vision, gender affirming care, and abortion coverage (as mandated under the Reproductive Health Act) services under this form. Estimates for the cost of these services were developed using MarketScan data and other industry sources.

Adjustment Factor for Non-EHBs: [REDACTED]

**Catastrophic Plan Adjustment**

This form does not contain any catastrophic plans. Therefore, this plan level adjustment is not utilized.

**Non-Benefit Expenses**

This plan level adjustment was developed to incorporate the impact of non-benefit expenses for all plans.

**i. Projected Non-Benefit Expenses, Risk and Profit (State Act Memo Item 16a)**

The components of the non-benefit expenses are described as follows.

**a) Non-Benefit Expense Load**

The estimate of non-benefit expenses including general administrative expenses and quality improvement expenses, was developed based on a review of budgeted administrative expenses and anticipated net private reinsurance costs. These expenses were loaded into the rates as a percent of premium across all plans.

Total Non-Benefit Expenses: [REDACTED]

Net Cost of Private Reinsurance Portion: [REDACTED]

Sales and Marketing Portion: [REDACTED]

The commission schedules are attached in Appendix K. There are no anticipated changes in the schedules for 2027.

**b) Profit and Risk Margin**

MercyCare is targeting a [REDACTED] before tax profit and risk margin on its Illinois Small Group ACA product.

**c) State Premium Tax**

Premium tax applicable to MercyCare in the State of Illinois in 2027 is 0.40% of premium.

**d) PCORI Fee**

The PCORI fee included in pricing was estimated as \$0.32 PMPM



**e) Risk Adjustment User Fee**

The assumed risk adjustment user fee for 2027 is \$0.18 PMPM.

**ii. Comparison of Current and Proposed Non-Benefit Expenses, Risk and Profit (State Act Memo Item 16b)**

Category	
General Admin	
Commissions	
QIE	
Net Cost of Private Reinsurance	
<b>Total Non-Benefit Expenses</b>	
Federal and State Income Taxes	
State Premium Tax	
Risk Adjustment User Fee	
PCORI Fee	
Exchange User Fees	
<b>Taxes and Fees</b>	
<b>Profit and Risk Load (Post Tax)</b>	
<b>Total Retention</b>	

**iii. Varying Non-Benefit Expenses by Plan (State Act Memo Item 16c)**

The cost of non-benefit expenses is incorporated into the development of the proposed rates as a uniform percentage of premium across all plans.

**Calibration (Section 4.4.5)****Age Curve Calibration (State Act Memo Item 18c)**

The Plan Adjusted Index Rates were adjusted by the weighted average age factor of the MercyCare projected enrollment to calibrate the rates. The calibration represents the relativity of the 21-year-old age rating factor to the average age rating factor for the Illinois Small Group ACA product, produced using the expected distribution of members. The methodology used to determine the age curve calibration is based on the projected distribution by age and the HHS standard age curve, and reflects a factor of zero for the members expected to pay no premium. The age curve calibration was applied to all plans uniformly. Please see Appendix F for the quantitative development of the age calibration factor.

Calibration Factor:  $0.664 = 1.000 / 1.507$

**Geographic Calibration (State Act Memo Item 18d)**

The geographic calibration factor is 1.000. MercyCare is planning to offer plans in four counties within the two rating areas in 2027. There is not currently any anticipated difference in provider cost between the two rating areas, therefore the geographic factors are 1.0 resulting in a geographic calibration factor of 1.000.

**Tobacco Use Rating Factor Calibration (State Act Memo Item 18e)**

The tobacco calibration factor is 1.000. MercyCare is not rating this product for tobacco use.

**Consumer Adjusted Premium Rate Development (Section 4.4.6)**

Carriers are allowed to vary the Plan Adjusted Index Rates based on age, geography, tobacco use and family composition. The rates MercyCare is proposing vary by each of these factors as follows:

**Age Factors (State Act Memo Item 17a)**

The standardized age factors developed by HHS and published in the final Health Insurance Market Rules were used in the development of rates for all proposed plans. These factors are presented in Appendix D.

**Geographic Factors (State Act Memo Item 17b)**

The Small Group ACA product will only be offered in Illinois Rating Areas 2 and 5. There is not currently any anticipated difference in provider cost between the two rating areas, therefore the geographic factors are 1.0.

	<b>Geographic Factor</b>
Rating Area 2	1.000
Rating Area 5	1.000

**Tobacco Factors (State Act Memo Item 17c)**

MercyCare will not utilize tobacco factors in 2027 for their Illinois Small Group ACA product.

**Family Composition (State Act Memo Item 17d)**

Premiums are calculated for each member in a family unit, with a family unit defined as a primary (i.e., employee), spouse, and any child dependents of the primary. Family unit premiums are calculated by summing the Small Group premiums for all individuals age 21 and over and the premiums for the oldest three dependents under the age of 21. The total monthly premium for a family is calculated as the sum of the family unit premiums.

**Development of Consumer Adjusted Premium Rate Tables (State Act Memo Item 18a)**

In accordance with the ACA, the rates for a given individual may only vary by plan, age, geography, tobacco use, and family composition. In developing the rates for each plan, age, geography, and tobacco use, the calibrated Plan Adjusted Index Rate was used as the starting point. The allowable consumer level rating factors utilized by MercyCare were then applied to the calibrated Plan Adjusted Index Rate as follows:

$$Rate_{p,a,r,t} = \text{Calibrated Plan Adjusted Index Rate}_p \times \text{AgeFac}_a \times \text{Geography}_r \times \text{Tobacco}_t$$

Where  $p$  = Plan option  $p$

Where  $\text{AgeFac}_a$  = The factor from the HHS age curve for someone age  $a$

Where  $\text{Geography}_r$  = The geographic adjustment factor for Rating Region  $r$

Where  $\text{Tobacco}_t$  = The tobacco adjustment factor for Tobacco Status  $t$

The 2027 rate tables for all plans, ages, and rating areas can be found in Appendix E.

### **Weighted Average Age (State Act Memo Item 18b)**

The approximate weighted average age for the projection period is 46.1. This is the age associated with the average age factor, which varies from the average age of enrollees in the projection period due to the age curve not being linear. The average of enrollees in the projection period is 36.5.

## PROJECTED LOSS RATIO (SECTION 4.5)

### Federal Medical Loss Ratio (MLR) (State Act Memo Item 23a)

Below is a demonstration of the 2027 calculation for the projected Federal MLR for the Illinois Small Group ACA product, showing the application of adjustments allowed under the ACA:

	Calculated Paid Claims PMPM	
	+ Risk Transfer Payment/Receipt	
	+ Quality Improvement Expenses	
A	<b>= Total Adjusted Medical Expense</b>	<b>\$589.55</b>
	Calculated Average Premium PMPM	
	- Risk Adjustment User Fee	
	- PCORI Fee	
	- State Premium Tax	
	- Exchange Fee	
	- Federal and State Income Taxes	
B	<b>= Total Adjusted Premium</b>	<b>\$670.15</b>
<b>= A / B    Calculated Federal MLR</b>		<b>87.97%</b>

Please note, these values will not tie directly to the URRT as this demonstration is on a calendar year basis and the claims and premiums included in Worksheet II of the URRT are presented on a Q1 2027 basis.

### Explanation When the Future Loss Ratio of Not Consistent with the Federal Rebate MLR (State Act Memo Item 23b)

Not applicable.

## PLAN PRODUCT INFORMATION (SECTION 4.6)

### AV Values (Section 4.6.1)

#### Actuarial Values (State Act Memo Item 14a)


The Federal AV Calculator was used to develop the Metal AV included in Worksheet 2, Section I of the URRT for each plan, as required by 45 CFR 156.135(a). No adjustments were made to the AV Calculator output values so no unique plan design justification is needed.

#### AV Pricing Values (State Act Memo Item 14b)

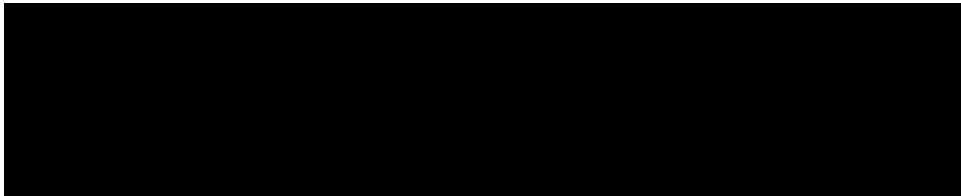
The AV Pricing Values, as shown at the bottom of Appendix B, are calculated by dividing the “Plan Level Adjusted Index Rate” by the “Market Adjusted Index Rate” for each plan.

#### Paid-to-Allowed Ratios (State Act Memo Item 15)

As discussed in Section 13, a paid-to-allowed ratio was developed for each plan and applied to the Market Adjusted Index Rate, which represents an allowed cost, to develop the expected paid cost for each plan. An overall average paid-to-allowed ratio was calculated by weighting the paid-to-allowed ratio for each plan by the expected enrollment in each plan.

Average Paid-to-Allowed Factor: 

The overall average paid-to-allowed ratio is dependent on the distribution of enrollment by plan. The distribution by plan, shown in Appendix G, was based on the current enrollment by plan as of April 2026.



### Membership Projections (Section 4.6.2)

#### Projected Membership by Plan

MercyCare is projecting to sell coverage for the benefit plans included in this filing to roughly 240 members in 2027.

The distribution by plan, shown in Appendix G, was based on the current enrollment by plan as of April 2026.

#### Projected Membership by Age

To develop projections of the 2027 membership by age we examined the current Illinois Small Group ACA membership by age as of March 2026. This formed the basis for our best estimate of the anticipated distribution by age for the Illinois Small Group ACA membership in 2027. Based on this information, we are projecting that the members will be distributed by age as shown in Appendix H.

Average Age of Projected Population: 

### Terminated Plans and Products (Section 4.6.3)

No plans will be terminated at the end of 2026. A list of the 2026 plans and their 2027 status can be found in Appendix I.

### Plan Type (Section 4.6.4)

The plan types listed in the drop-down box in Worksheet 2, Section I of the URRT properly describes each of the proposed plans.

## ADDITIONAL ILLINOIS INFORMATION

### Covered Services (State Act Memo Item 8)

#### i. Covered Services – Essential Health Benefits (State Act Memo Item 8a)

Essential health benefits that will be covered include the following:

- a. Ambulatory patient services
- b. Emergency services
- c. Hospitalization
- d. Maternity and newborn care
- e. Mental health and substance use disorder services, including behavioral health treatment
- f. Prescription drugs
- g. Rehabilitative and habilitative services and devices
- h. Laboratory services
- i. Preventive and wellness services and chronic disease management
- j. Pediatric services, including oral and vision care
- k. Additional benefits as outlined in the finalized EHB benchmark plan summary

Non-essential health benefits that will be covered by MercyCare include the following:

- a. Adult vision
- b. Gender affirming care
- c. Abortion services

#### ii. Covered Services – State Mandated Benefits Which Are Not Essential Health Benefits (State Act Memo Item 8b)

The covered services will include abortion services, as mandated in the Reproductive Health Act

#### iii. Covered Services – Eliminated Benefits (State Act Memo Item 8c)

There are no eliminated benefits for the Illinois Small Group ACA product.

#### iv. Covered Services – Additional Mandated Supplementary Benefits (State Act Memo Item 8d)

There will be no additional mandated supplementary benefits.

#### v. Covered Services – EHB Substitutions (State Act Memo Item 8e)

A number of benefits were not included in the experience underlying the manual rate but are included in the EHB package for Illinois, including infertility treatment, private-duty nursing, bariatric surgery, nutritional counseling, and routine foot care. An adjustment was applied to the claims in the Wisconsin Large Group experience for services that will not be covered under MercyCare's 2027 facility capitation arrangement to incorporate projected costs associated with these benefits.

Adjustment for Changes in Covered Services: [REDACTED]

**Development of All Product Base Rates (State Act Memo Item 19)**

The quantitative development of the Product Base Rates, or Consumer Adjusted Index Rates, for each plan is shown in detail in Appendix B.

**Risk Corridor Payments or Recoveries (State Act Memo Item 20)**

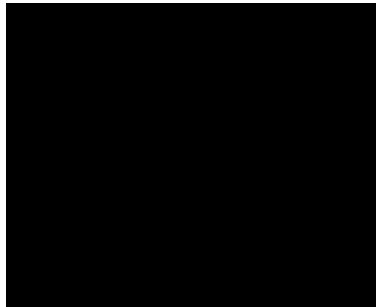
Not applicable.

**Company Financial Position (State Act Memo Item 21)**

The following information regarding MercyCare HMO, Inc.'s financial position is based on reported financial annual statement information for calendar year 2025.

**Last Five Years' RBC (State Act Memo Item 22)**

Per reported financial annual statement information, MercyCare HMO, Inc.'s RBC ratios as of the end of each of the most recent five years were as follows:





## **MISCELLANEOUS INSTRUCTIONS (SECTION 4.7)**

### **Data Reliance (Section 4.7.2) (State Act Memo Item 24)**

Reliance on other sources was required for many parts of the rate development process, including use of external studies, as noted throughout this Actuarial Memorandum.

I have relied on data and other information provided by senior staff at MercyCare. The attached reliance letter in Appendix L will serve as affirmation that the information relied upon is consistent with MercyCare's expected claims cost and business plan. I have not audited or verified this data and other information; however, I have reviewed it for reasonableness and consistency and have not found any material defects in the data. A detailed audit of the data was beyond the scope of this engagement and it is possible that if an audit were conducted inaccuracies in the data could be revealed. If the data or other information underlying the development of rates is inaccurate or incomplete, the results of the analysis I performed may also be inaccurate or incomplete.

External sources, such as publicly available reports from CMS, were also relied upon in developing estimates of the landscape of the current Illinois Small Group ACA market and morbidity assumptions.

In addition, various members of Oliver Wyman's staff assisted with the development of many of the factors used in the rate development build-up. I have thoroughly reviewed and discussed with them the aspects of their work upon which I relied and believe it to be reasonable and accurate.

### **Relationship to Client and Limitations on Distribution**

MercyCare has engaged Oliver Wyman to develop rates for its Illinois Small Group ACA product effective January 1, 2027, and to provide the opinion herein. The information included in this actuarial memorandum has been prepared for use by MercyCare and we understand the information may be provided to the Illinois Department of Insurance and potentially any contractor(s) engaged to perform an actuarial review of MercyCare's rates. Oliver Wyman makes no representation or warranty to any third party regarding the content of this actuarial memorandum and no third party may rely on the information included in this actuarial memorandum that would create any legal duty by Oliver Wyman to any third party.

### **Interpretation of Applicable Laws and Regulations**

The analysis underlying the development of the rates included in this actuarial memorandum is based on our interpretation of current State and Federal laws and regulations. Should these laws and/or regulations be modified our results could be subject to change. It should be noted that Oliver Wyman is an actuarial consulting firm and is not engaged in the practice of law. Therefore, nothing in this actuarial memorandum should be interpreted as legal advice.

### **Variability of Results**

The rates developed in this filing reflect estimates of future contingent events, therefore actual results will likely vary. The magnitude of differences between projections in this filing and actual observed experience will depend on the extent to which actual experience in the future conforms to the assumptions made in this analysis. It is certain that actual experience will not conform exactly to the assumptions made in this filing.

## Actuarial Certification (Section 4.7.3) (State Act Memo Item 25)

I, [REDACTED] am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries and meet the qualification standards for actuaries issuing statements of actuarial opinion in the United States related to the development of health insurance rates. I have prepared this filing on behalf of MercyCare HMO, Inc. I am of the opinion that this filing is in compliance with all applicable Federal and State Laws and Regulations, including the ACA and corresponding regulations and guidance.

I am an employee of Oliver Wyman Actuarial Consulting, Inc., an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer, or a trade association of health plans or insurers.

As required, the Part I Unified Rate Review Template is being provided. However, it does not demonstrate the rate development process employed in developing the rates herein. Rather, it represents information required by Federal regulation to be provided to the Secretary to monitor rate increases and for certification of qualified health plans for Federally Facilitated Exchanges. I certify that the EHB portion of premium shown in Worksheet 2 of the URRT reflects the essential health benefit package in Illinois.

I certify that the projected Index Rate used in the development of these proposed premium rates is in compliance with all applicable State and Federal Statutes and Regulations, including 45 CFR 156.80 and has been developed in compliance with the applicable Actuarial Standards of Practice. The Index Rate and only the allowable market-wide and plan-level modifiers, as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) respectively, were used to generate the rates. The Index Rate is reasonable in relation to the benefits provided and the population anticipated to be covered and is neither excessive nor deficient. After adjusting the Index Rate on a market-wide basis for anticipated payments and charges under the risk adjustment program, the allowable modifiers that were applied to generate Plan Adjusted Index Rates include:

- The actuarial value and cost-sharing design of the plan.
- The plan's provider network, delivery system characteristics, and utilization management practices.
- The benefits provided under the plan that are in addition to the essential health benefits.
- Administrative costs, excluding Exchange User Fees.

I certify that the proposed geographic factors reflect only differences in unit costs and provider practice patterns between geographic regions and do not reflect differences in the anticipated morbidity of the population anticipated to enroll in each rating area.

I certify that the AV Calculator was used to determine the AV Metal Values for all plans.

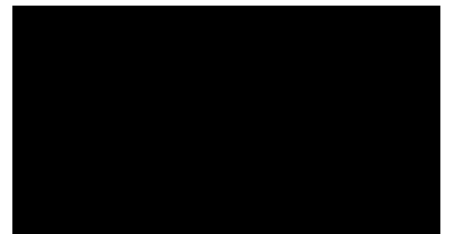
I certify that this filing has been prepared in accordance with the following Actuarial Standards of Practice:

- Actuarial Standard of Practice No. 5, "Incurred Health and Disability Claims,"
- Actuarial Standard of Practice No. 8, "Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits,"

- Actuarial Standard of Practice No. 12, “Risk Classification,”
- Actuarial Standard of Practice No. 23, “Data Quality,”
- Actuarial Standard of Practice No. 25, “Credibility Procedures,”
- Actuarial Standard of Practice No. 26, “Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans,”
- Actuarial Standard of Practice No. 41, “Actuarial Communications,” and
- Actuarial Standard of Practice No. 50, “Determining Minimum Value and Actuarial Value under the Affordable Care Act.”

I certify that I am knowledgeable as to the State of Illinois and Federal laws and regulations that apply to this filing and, to the best of my knowledge and belief, this filing is in compliance with such laws and regulations and provides coverage for all required benefits.

I further certify that the anticipated loss ratio submitted herein is expected to develop over the period for which rates are computed to provide coverage and that the benefits of the policy form affected by the rate filing are reasonable in relation to the net premiums charged for the population anticipated to be covered. It is also my opinion that the proposed premium rates are neither excessive, deficient nor unfairly discriminatory.



Oliver Wyman Actuarial Consulting, Inc.

# **OLIVER WYMAN**

**A MARSH BUSINESS**

Oliver Wyman  
1401 Discovery Parkway, Suite 150  
Wauwatosa, WI 53226

Appendix A.1 - Index Rate Development

Index Rate Development	Actual Cost Projection	Manual Rate Projection	URRT Category
Base Period Allowed Cost			
x Remove Non-EHB Services			
= Base Period Allowed Costs for EHB Services			
x New EHB Benefits			
x Morbidity Adj (excl. demographic)			
x Demographic Adj			
x Geographic Adj			
x Induced Utilization Adj			
x Network Adj			
x Rx Rebate Adj			
x Trend Adj			
x Adjustment for Capitated Claims			
= 1/1/2027 Projected Allowed Claims PMPM for EHB Services			
Credibility of Actual Cost Projection			
= 1/1/2027 Index Rate			
x Trend Adjustment for Calendar Year Basis			
= Index Rate for the Projection Period	\$644.70		
+ Adjustment to Add non-EHBs from Projection Period	\$0.28		
= Credibility-Weighted CY 2027 Projected Allowed Cost PMPM	\$644.98		

## Appendix A.2 - Index Rate Development

Index Rate Development	Actual Cost Projection	Manual Rate Projection
Base Period Allowed Cost (non-Capitated claims only)		
x Remove Non-EHB Services		
<b>= Base Period Allowed Costs for EHB Services</b>		
x New EHB Benefits		
x Morbidity Adj (excl. demographic)		
x Demographic Adj		
x Geographic Adj		
x Induced Utilization Adj		
x Network Adj		
x Rx Rebate Adj		
x Trend Adj		
<b>= 1/1/2027 Projected Allowed Claims PMPM for Non-Capitated Services</b>		
+ Projected Capitation Claim Cost PMPM (allowed basis)		
<b>= 1/1/2027 Projected Allowed Claims PMPM for EHB Services</b>		
Credibility of Actual Cost Projection		
<b>= 1/1/2027 Index Rate</b>		
x Trend Adjustment for Calendar Year Basis		
<b>= Index Rate for the Projection Period</b>	<b>\$644.70</b>	
+ Adjustment to Add non-EHBs from Projection Period	\$0.28	
<b>= Credibility-Weighted CY 2027 Projected Allowed Cost PMPM</b>	<b>\$644.98</b>	

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	\$745.39			
	Plan ID	54322IL0061002	54322IL0061003	54322IL0061004
Plan Level Adjustments	Average	MercyCare HMO CO-90 \$250 Ded.	MercyCare HMO CO-80 \$500 Ded.	MercyCare HMO CO-80 \$2,000 Ded.
x Paid-to-Allowed Ratio		0.869	0.843	0.783
x Induced Utilization		1.126	1.108	1.070
x Induced Utilization Norm.		0.930	0.930	0.930
x Network Adjustment		1.000	1.000	1.000
x Adjustment for Non-EHB Benefits		1.0004	1.0004	1.0004
x Catastrophic Adjustment		1.000	1.000	1.000
= Estimated Average Paid Claims PMPM	\$586.33	\$678.74	\$648.28	\$581.58
Non-Benefit Expenses - Aggregated Amounts	Average	MercyCare HMO CO-90 \$250 Ded.	MercyCare HMO CO-80 \$500 Ded.	MercyCare HMO CO-80 \$2,000 Ded.
Plan Level Adjusted Index Rate	\$676.19	\$782.67	\$747.58	\$670.72
Age Calibration Adjustment		0.664	0.664	0.664
Quarterly Adjustment (Quarter 1)		0.985	0.985	0.985
Consumer Adjusted Index Rate (Quarter 1)		\$511.43	\$488.50	\$438.27
AV Pricing Value		1.0500	1.0029	0.8998

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	\$745.39				
	Plan ID	54322IL0061005	54322IL0061008	54322IL0061007	54322IL0061009
		MercyCare HMO H.S.A. CO-100			
Plan Level Adjustments	Average	MercyCare HMO CO-80 \$3,000 Ded.	\$3,500 Ded.	MercyCare HMO CO-70 \$4,000 Ded.	MercyCare HMO CO-70 \$6,750 Ded.
x Paid-to-Allowed Ratio		0.767	0.789	0.694	0.683
x Induced Utilization		1.062	1.073	1.028	1.023
x Induced Utilization Norm.		0.930	0.930	0.930	0.930
x Network Adjustment		1.000	1.000	1.000	1.000
x Adjustment for Non-EHB Benefits		1.0004	1.0004	1.0004	1.0004
x Catastrophic Adjustment		1.000	1.000	1.000	1.000
= Estimated Average Paid Claims PMPM	\$586.33	\$565.21	\$587.24	\$494.94	\$484.88
		MercyCare HMO H.S.A. CO-100			
Non-Benefit Expenses - Aggregated Amounts	Average	MercyCare HMO CO-80 \$3,000 Ded.	\$3,500 Ded.	MercyCare HMO CO-70 \$4,000 Ded.	MercyCare HMO CO-70 \$6,750 Ded.
Plan Level Adjusted Index Rate	\$676.19	\$651.86	\$677.24	\$570.89	\$559.30
Age Calibration Adjustment		0.664	0.664	0.664	0.664
Quarterly Adjustment (Quarter 1)		0.985	0.985	0.985	0.985
Consumer Adjusted Index Rate (Quarter 1)		\$425.95	\$442.53	\$373.04	\$365.47
AV Pricing Value		0.8745	0.9086	0.7659	0.7503



Appendix C - Induced Utilization Factors

2024 Plan Name	Metal Level	2024 Projected Membership	2024 Induced Utilization Factor
MercyCare HMO CO-90 \$250 Ded.	Platinum	23.8%	1.151
MercyCare HMO CO-80 \$500 Ded.	Platinum	23.8%	1.133
MercyCare HMO CO-80 \$2,000 Ded.	Gold	23.8%	1.077
MercyCare HMO CO-80 \$3,000 Ded.	Gold	23.8%	1.070
MercyCare HMO CO-100 H.S.A. \$3,200 Ded.	Gold	4.8%	1.070

2025 Plan Name	Metal Level	2025 Projected Membership	2025 Induced Utilization Factor
MercyCare HMO CO-90 \$250 Ded.	Platinum	20.0%	1.155
MercyCare HMO CO-80 \$500 Ded.	Platinum	19.0%	1.138
MercyCare HMO CO-80 \$2,000 Ded.	Gold	20.0%	1.083
MercyCare HMO CO-80 \$3,000 Ded.	Gold	21.0%	1.076
MercyCare HMO CO-100 \$3,400 Ded. H.S.A.	Gold	10.0%	1.071
MercyCare HMO CO-70 \$4,000 Ded.	Silver	5.0%	1.033
MercyCare HMO CO-70 \$6,000 Ded.	Silver	5.0%	1.037

2026 Plan Name	Metal Level	2026 Projected Membership	2026 Induced Utilization Factor
MercyCare HMO CO-90 \$250 Ded.	Platinum		1.148
MercyCare HMO CO-80 \$500 Ded.	Platinum		1.132
MercyCare HMO CO-80 \$2,000 Ded.	Gold		1.077
MercyCare HMO CO-80 \$3,000 Ded.	Gold		1.067
MercyCare HMO H.S.A. CO-100 \$3,400 Ded.	Gold		1.071
MercyCare HMO CO-70 \$4,000 Ded.	Silver		1.032
MercyCare HMO CO-70 \$6,550 Ded.	Silver		1.031
2027 Plan Name	Metal Level		2027 Induced Utilization Factor
MercyCare HMO CO-90 \$250 Ded.	Platinum		1.126
MercyCare HMO CO-80 \$500 Ded.	Platinum		1.108
MercyCare HMO CO-80 \$2,000 Ded.	Gold		1.070
MercyCare HMO CO-80 \$3,000 Ded.	Gold		1.062
MercyCare HMO H.S.A. CO-100 \$3,500 Ded.	Gold		1.073
MercyCare HMO CO-70 \$4,000 Ded.	Silver		1.028
MercyCare HMO CO-70 \$6,750 Ded.	Silver		1.023

Metal Level	2024 Induced Utilization Factor	2025 Induced Utilization Factor	2026 Induced Utilization Factor	2027 Induced Utilization Factor
Platinum	1.1419	1.1466	1.1401	1.1153
Gold	1.0731	1.0775	1.0737	1.0680
Silver	N/A	1.0352	1.0317	1.0260
Bronze	N/A	N/A	N/A	N/A

## Appendix D - Age Curve

Age	Premium Ratio
0	0.765
1	0.765
2	0.765
3	0.765
4	0.765
5	0.765
6	0.765
7	0.765
8	0.765
9	0.765
10	0.765
11	0.765
12	0.765
13	0.765
14	0.765
15	0.833
16	0.859
17	0.885
18	0.913
19	0.941
20	0.970
21	1.000
22	1.000
23	1.000
24	1.000
25	1.004
26	1.024
27	1.048
28	1.087
29	1.119
30	1.135
31	1.159
32	1.183

Age	Premium Ratio
33	1.198
34	1.214
35	1.222
36	1.230
37	1.238
38	1.246
39	1.262
40	1.278
41	1.302
42	1.325
43	1.357
44	1.397
45	1.444
46	1.500
47	1.563
48	1.635
49	1.706
50	1.786
51	1.865
52	1.952
53	2.040
54	2.135
55	2.230
56	2.333
57	2.437
58	2.548
59	2.603
60	2.714
61	2.810
62	2.873
63	2.952
64+	3.000

## Appendix E - Proposed Rates

Rating Areas 2 & 5 - Q1						
Plan Name	MercyCare HMO CO-90 \$250 Ded.		MercyCare HMO CO-80 \$500 Ded.		MercyCare HMO CO-80 \$2,000 Ded.	
Plan ID	54322IL0061002		54322IL0061003		54322IL0061004	
Metal Level	Platinum		Platinum		Gold	
Tobacco Status	Non-User	User	Non-User	User	Non-User	User
0						
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61						
62						
63						
64+						

## Appendix E - Proposed Rates

Rating Areas 2 & 5 - Q1								
Plan Name	MercyCare HMO CO-80 \$3,000 Ded.		MercyCare HMO H.S.A. CO-100 \$3,500 Ded.		MercyCare HMO CO-70 \$4,000 Ded.		MercyCare HMO CO-70 \$6,750 Ded.	
Plan ID	54322IL0061005		54322IL0061008		54322IL0061007		54322IL0061009	
Metal Level	Gold		Gold		Silver		Silver	
Tobacco Status	Non-User	User	Non-User	User	Non-User	User	Non-User	User
0								
1								
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3								
4								
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62								
63								
64+								

## Appendix F - Age Calibration Development

Age Calibration:	0.6637
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Age Curve		Demographic Distribution		
Ages	Rating Factor	Ages	Non-Tobacco	Tobacco
No Premium	0.000	No Premium		
0	0.765	0		
1	0.765	1		
2	0.765	2		
3	0.765	3		
4	0.765	4		
5	0.765	5		
6	0.765	6		
7	0.765	7		
8	0.765	8		
9	0.765	9		
10	0.765	10		
11	0.765	11		
12	0.765	12		
13	0.765	13		
14	0.765	14		
15	0.833	15		
16	0.859	16		
17	0.885	17		
18	0.913	18		
19	0.941	19		
20	0.970	20		
21	1.000	21		
22	1.000	22		
23	1.000	23		
24	1.000	24		
25	1.004	25		
26	1.024	26		
27	1.048	27		
28	1.087	28		
29	1.119	29		
30	1.135	30		
31	1.159	31		
32	1.183	32		
33	1.198	33		
34	1.214	34		
35	1.222	35		
36	1.230	36		
37	1.238	37		
38	1.246	38		
39	1.262	39		
40	1.278	40		
41	1.302	41		
42	1.325	42		
43	1.357	43		
44	1.397	44		
45	1.444	45		
46	1.500	46		
47	1.563	47		
48	1.635	48		
49	1.706	49		
50	1.786	50		
51	1.865	51		
52	1.952	52		
53	2.040	53		
54	2.135	54		
55	2.230	55		
56	2.333	56		
57	2.437	57		
58	2.548	58		
59	2.603	59		
60	2.714	60		
61	2.810	61		
62	2.873	62		
63	2.952	63		
64 and Older	3.000	64 and Older		

Appendix G - Membership Projections by Plan

Projected Members:

HIOS Plan ID	HIOS Plan Name	Expanded		Members	Projected Enrollment
		Metal Level	Bronze		
54322IL0061002	MercyCare HMO CO-90 \$250 Ded.	Platinum	No		
54322IL0061003	MercyCare HMO CO-80 \$500 Ded.	Platinum	No		
54322IL0061004	MercyCare HMO CO-80 \$2,000 Ded.	Gold	No		
54322IL0061005	MercyCare HMO CO-80 \$3,000 Ded.	Gold	No		
54322IL0061008	MercyCare HMO H.S.A. CO-100 \$3,500 Ded.	Gold	No		
54322IL0061007	MercyCare HMO CO-70 \$4,000 Ded.	Silver	No		
54322IL0061009	MercyCare HMO CO-70 \$6,750 Ded.	Silver	No		

## Appendix H - Membership Projections by Age

Projected Members:



Age	Members	Proj Dist
Unratable		
0		
1		
2		
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30		
31		

Age	Members	Proi Dist
32		
33		
34		
35		
36		
37		
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45		
46		
47		
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61		
62		
63		
64+		

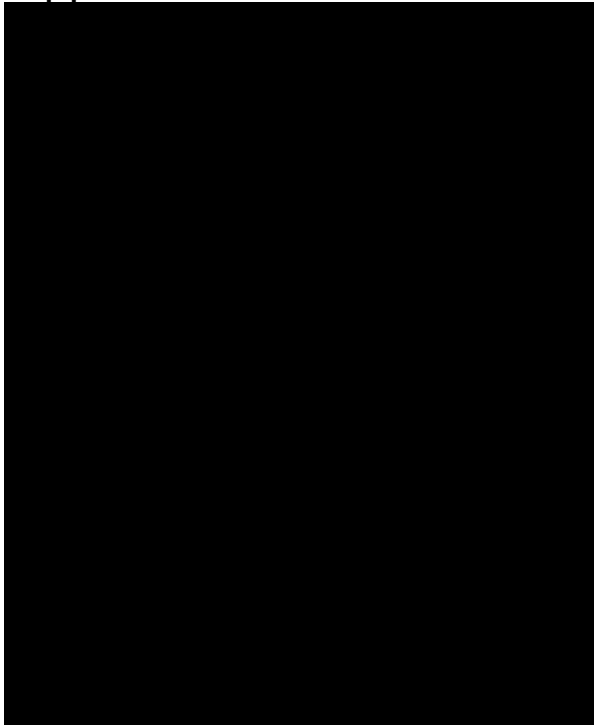
## Appendix I - Plan Map

2026 HIOS ID	2027 Plan Status	Mapped 2027 HIOS ID
54322IL0060902	Renewing	54322IL0061002
54322IL0060903	Renewing	54322IL0061003
54322IL0060904	Renewing	54322IL0061004
54322IL0060905	Renewing	54322IL0061005
54322IL0060908	Renewing	54322IL0061008
54322IL0060907	Renewing	54322IL0061007
54322IL0060909	Renewing	54322IL0061009





Appendix K - Commissions Schedule



## Appendix L - Reliance Letter

MercyCare HMO, Inc.

Statement Regarding Accuracy of Data and Reliance on Assumptions Provided  
2027 Illinois Commercial Small Group Market Pricing

I, [REDACTED] Director of Actuarial and Underwriting for MercyCare HMO, Inc., (MercyCare) hereby affirm that to the best of my knowledge and belief, the underlying data sources, information, and assumptions relied upon by Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) for use in preparing MercyCare's 2027 commercial Small Group market pricing are accurate and complete.

I acknowledge that should any of this information be incorrect or any of these assumptions not be realized, the resulting financial experience in 2027 could differ significantly from that which is projected by Oliver Wyman.

1. January 2025 through December 2025 claims, premium, and membership for MercyCare's Illinois Small Group and Wisconsin Large Group business used in development of the rates;
2. Incurred but not paid completion estimates for January 2025 through December 2025 incurred claims, with payments through March 2026;
3. Membership data as of April 2026;
4. 2027 proposed benefit plan designs, including covered services and cost sharing parameters;
5. Confirmation the 2027 proposed benefit plans are in compliance with their respective Metal AV requirements and pass the financial test for the Mental Health Parity and Addiction Equity Act;

6. Information on MercyCare's provider network and expected contract changes, including:
  - a. Projected capitation amounts for calendar year 2027 and 2028;
  - b. The projected annual change in average charges between 2025 and 2027 for facility and professional services;
7. Information on 2025 and 2027 pharmacy reimbursement arrangements, including formulary and rebates, as well as guidance related to the average difference in expected pharmacy costs between the Wisconsin Large Group and Illinois Small Group products due to differences in pharmacy networks;
8. Product names, product IDs, plan names, and plan IDs as entered in HIOS for each benefit plan;
9. A crosswalk from MercyCare's current plans offered in the Small Group market to those plans that will be offered in 2027;
10. Projected administrative expenses, taxes, fees, and target profit;
11. The counties in which MercyCare intends to offer Small Group products in 2027;
12. 2025 risk adjustment program information, including May 2026 RATEE files for the Wisconsin and Illinois Small Group markets and MercyCare's projected risk transfer payment amounts for 2025;
13. Confirmation that the 2027 proposed provider network meets network adequacy requirements;
14. Guidance on the expected demographic and morbidity make-up of the 2027 MercyCare Small Group block;
15. Any other information provided in support of the 2027 MercyCare Small Group commercial rate development that was relied on by Oliver Wyman.

I confirm that the assumptions outlined above, as documented in the pricing results presentations provided to me are consistent with the assumptions I have provided to Oliver Wyman for use in MercyCare's 2027 Illinois Small Group pricing.

Director of Actuarial and Underwriting  
Title

5/27/2026  
Date



<b>State:</b>	Illinois	<b>Filing Company:</b>	MercyCare HMO, Inc.
<b>TOI/Sub-TOI:</b>	HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004F Small Group Only - HMO		
<b>Product Name:</b>	MercyCare 2027 IL SG HMO Rates		
<b>Project Name/Number:</b>	/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Review Requirement Checklist
<b>Comments:</b>	
<b>Attachment(s):</b>	IL SG Rate Checklist PY27.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Certification of Compliance
<b>Comments:</b>	
<b>Attachment(s):</b>	IL Certificate of Compliance v.Signed 2026.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Certification and Cover Letter
<b>Comments:</b>	
<b>Attachment(s):</b>	IL Small Group - 2027 ActuarialCertificationForRateFilings.pdf IL Small Group - 2027 Cover Letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Confidentiality Request
<b>Comments:</b>	
<b>Attachment(s):</b>	Confidentiality Request 20260601.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

**Contact Person:****Illinois Division of Insurance****320 West Washington Street  
Springfield, IL 62767-0001****Review Requirements Checklist****Effective 05/01/2022****Health Actuarial Unit****DOI.HealthActuarial@Illinois.gov****Line(s) of Business****For Policies issued after 01/01/2014****Health Premium Rates****Line(s) of Insurance****Individual/Small Group Major Medical  
Surgical/Medical/Hospital PPO and Non PPO and HMO**

<b>Illinois Insurance Code Link</b>	<a href="#">Illinois Compiled Statutes Online</a>		
<b>Illinois Administrative Code Link</b>	<a href="#">Administrative Regulations Online</a>		
<b>Product Coding Matrix</b>	<a href="#">Product Coding Matrix</a>		
<b>REVIEW REQUIREMENTS</b>	<b>REFERENCE</b>	<b>DESCRIPTION OF REVIEW</b>  <b>STANDARDS REQUIREMENTS</b>	<b>LOCATION OF STANDARD IN FILING</b>
		<b>NOTE: These brief summaries do not include all requirements of all laws, regulations, bulletins, or requirements, so review actual law, regulation, bulletin, or requirement for details to ensure that forms are fully compliant before filing with the Department of Insurance.</b>	
<b>COMPANY REQUIREMENTS</b>	<b>REFERENCE</b>	<b>DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS</b>	<b>LOCATION OF STANDARD IN FILING</b>
Cover Letter	<a href="#">50 IL Adm. Code 916.40 (b)</a>	Cover Letters must generally describe the intent of the rate filing and whether the filing is a new rate, rate revision or justification of an existing rate. It is necessary to provide a listing of the policy form filing company tracking number(s) and company form number(s) to show the association between the rate being filed and those forms affected by the rate change. ** The Filing Description field in the General Information Tab in SERFF may be used in place of a cover letter.	Filing Description in the General Information Tab of MCIN-134909424

COMPANY REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
Grandfathered Status		<p>1.) Not Grandfathered- This rate filing is not being made in support of a grandfathered plan.</p> <p>2.) Grandfathered Plan- This rate filing is being made in support of a grandfathered plan. None of the changes that have been made to this plan since the last rate filing have caused the plan to lose its grandfathered status.</p> <p>3.) Formerly a Grandfathered Plan- This rate filing is being made in support of a formerly grandfathered plan. The following SERFF filing(s) contained changes that caused the plan to lose its grandfathered status: _____.</p>	Not grandfathered plan, status is noted in the General Information tab of MCIN-134909424
Implementation Date		The proposed effective date of rate revision implementation.	1/1/2027
Rate Filing Requirements	<a href="#">215 ILCS 5/355</a>	<p>The Federal Patient Protection and Affordable Care Act (PPACA) has established premium reporting and review processes for all health insurance issuers. The Rate Data Collection Form is available on the Department's web site. The revised Actuarial Memorandum requirements are found in the "Actuarial Memorandum" section of this checklist.</p> <p>Rates must be submitted in a separate SERFF filing from policy forms.</p>	Included under the Supporting Documentation tab of MCIN-134909424
Rate Filing Submission		Rate Filings must be submitted in their entirety into both SERFF and the Web Portal for review.	Affirmed
TOI (Type of Insurance)		<p>A health insurance issuer offering any group or individual health insurance coverage, including managed care and HMO plans (regardless of whether the plans are grandfathered or non-grandfathered) must submit all new rate filings and rate revisions for review.</p> <p>Inserted directly below is a link to SERFF's Website for the TOI's required.</p> <p><a href="http://www.serff.com/documents/index_ppaca_tois.pdf">http://www.serff.com/documents/index_ppaca_tois.pdf</a></p>	Affirmed
Federal Unified Rate Review Templates		<p>Parts I and III must be submitted with each filing.</p> <p>Parts I and III are required to be completed and Submitted for all rate increases the issuer has in a state. Link to the Rate Review Templates:</p> <p><a href="https://www.qhpcertification.cms.gov/s/Unified%20Rate%20Review">https://www.qhpcertification.cms.gov/s/Unified%20Rate%20Review</a></p>	Included under the Supporting Documentation tab of MCIN-134909424
Rate Data Collection Form		<p>The filing must contain an Excel spreadsheet (.xls or .xlsx format), along with a PDF version of the spreadsheet, according to format found at <a href="http://www2.illinois.gov/sites/Insurance/Companies/Documents/Experience.xlsx">http://www2.illinois.gov/sites/Insurance/Companies/Documents/Experience.xlsx</a></p>	Included under the Supporting Documentation tab of MCIN-134909424



COMPANY REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
Actuarial Memorandum		<p>The Actuarial Memorandum is required and is to contain the complete justification for the submitted rates, including background information and an explanation of the rationale for the requested rate action, as well as other relevant information. The small group or individual Actuarial Memorandum requirements checklist must be completed for each filing.</p> <p>Small Group Checklist:  <a href="http://www2.illinois.gov/sites/Insurance/Companies/documents/RateReviewChecklistSmallGroup.pdf">http://www2.illinois.gov/sites/Insurance/Companies/documents/RateReviewChecklistSmallGroup.pdf</a></p> <p>Individual Checklist:  <a href="http://www2.illinois.gov/sites/Insurance/Companies/documents/RateReviewChecklistIndividual.pdf">http://www2.illinois.gov/sites/Insurance/Companies/documents/RateReviewChecklistIndividual.pdf</a></p>	Included under the Supporting Documentation tab of MCIN-134909424
Actuarial Certification		The Actuarial Certification must be completed for all filings. <a href="http://www2.illinois.gov/sites/Insurance/Companies/documents/ActuarialCertificationForRateFilings.pdf">http://www2.illinois.gov/sites/Insurance/Companies/documents/ActuarialCertificationForRateFilings.pdf</a>	Included under the Supporting Documentation tab.
Rate Schedules/Manuals		Shall be attached in SERFF as separate attachments from other documents required in SERFF.	Included in the Rate/Rule Schedule tab.
HHS Rate Data Requirements		Data required to be entered in the Rate Review Detail tab in SERFF must be complete and accurate. DOI does not require all of this data for rate review but HHS reviews the data contained in this section for accuracy.	Included in the Rate/Rule Schedule tab.
Public Access	<a href="#">215 ILCS 5/404</a>	In order to maintain confidentiality, the Actuarial Memorandum should be attached in the Supporting Documentations Tab. It should be attached separately from any other attachments. Also, it is necessary to name them as Actuarial Memorandums to assist DOI in recognizing the type of document that is being attached.	Included in the Supporting Documentation tab.
Have you included the following forms?		<ol style="list-style-type: none"> <li>1. Federal Unified Rate Review Template</li> <li>2. Rate Data Collection Form</li> <li>3. Actuarial Memorandum</li> <li>4. Actuarial Certification</li> </ol>	Affirmed

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**CERTIFICATE OF COMPLIANCE**

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MercyCare HMO Inc.

By: E. Patrick Cranley Title: Vice President/COO

certifies that the policy forms submitted or referenced in this filing do comply:

- a) with all provisions of the Illinois Insurance Code applicable to the policy forms; and
- b) with all provisions of 50 Ill. Adm. Code applicable to policy forms;  
and does further certify to the best of our knowledge and belief that:
  - 1) the forms do not contain any inconsistent, ambiguous or misleading clauses;
  - 2) the forms do not contain specifications or conditions that unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the policy forms;
  - 3) the only variation from the usual provisions of the policy forms are clearly marked or otherwise indicated;
  - 4) the language of the policy form, as submitted or approved, shall be exactly as it has been or will be offered for issuance or delivery in the State of Illinois as approved by the Director, except for hypothetical data and other appropriate variable material; and
  - 5) the policy forms do not contain any provision or clause currently being disapproved by the Director.

In utilizing the procedure for policy form filing and approval set forth in 50 Ill. Adm. Code 916, MercyCare HMO, Inc. hereby expressly agrees and consents to a review, by the Director, to be made at any time, and further hereby expressly agrees and consents to the discontinuance by the company of future use of the approved policy forms, 30 days from the date of mailing an order of withdrawal issued by the Director pursuant to Section 143(1) of the Illinois Insurance Code. The order shall set forth the reasons why the previously approved policy forms are violative of or contrary to the provisions of the Illinois Insurance Code or all provisions of 50 Ill. Adm. Code applicable to policy forms. Each company shall have the right to request a hearing within that 30 day period. The request shall be made in writing to the Director. The order of withdrawal shall be stayed and the company shall be given a hearing under the provisions of Sections 143(1), 401(c), 401.1, 402(2), 426 and 429 of the Illinois Insurance Code [215 ILCS 5/143(1), 401(c), 401.1, 402(2), 426 and 429] and 50 Ill. Adm. Code 2402, as may be applicable, to determine:

- a) whether the policy form shall be disapproved; and
- b) whether further orders of the Director may be appropriate.

By: \_\_\_\_\_

 MercyCare HMO, Inc.

(Signature)

Title: Vice President/Chief Operating Officer

Date: 5/12/24

(Source: Amended at 39 Ill. Reg. 16152, effective December 3, 2015)

# OLIVER WYMAN

## A MARSH BUSINESS

Company Name **MercyCare HMO, Inc.**


SERFF Filing Number **MCIN-134909424**

I, **Corryn Brown**, am a member of the American Academy of Actuaries and meet the Academy qualification standards to prepare this rate filing. I certify that:

1. The index rate was calculated appropriately and in compliance with applicable laws and actuarial standards of practice;
2. The plan level rates were developed using the index rate and only adjusted for allowable factors;
3. The standard Actuarial Value calculator was used to determine the metal Actuarial Value for each plan, or if an alternate methodology was used, the methodology is consistent with the Actuarial Value calculator;
4. The geographic factors reflect only differences in the costs of delivery (including both unit costs and provider practice patterns) and do not reflect differences in morbidity;
5. The proposed rates were developed in compliance with applicable Federal regulations;
6. The filing has been prepared in compliance with Actuarial Standards of Practice 5, 8, 12, 23, 25, 26, 41 and 50.

I understand that any intentional material misstatements may result in disciplinary action.

Printed Name **Corryn Brown**

Signature  \_\_\_\_\_

Title **Principal**

Date **May 29, 2026**

**OLIVER WYMAN**  
A MARSH BUSINESS

**ILLINOIS ACTUARIAL MEMORANDUM  
COVER LETTER**

**MERCYCARE HMO, INC.  
SMALL GROUP RATE FILING  
JANUARY 1, 2027**

The rates presented in the attached memorandum represent a filing for an existing product for Small Group HMO plans in Illinois, effective January 1, 2027.

The following table lists each HIOS Plan ID covered by this filing:

HIOS Plan ID	HIOS Plan Name	Metal Level
54322IL0061002	MercyCare HMO CO-90 \$250 Deductible	Platinum
54322IL0061003	MercyCare HMO CO-80 \$500 Deductible	Platinum
54322IL0061004	MercyCare HMO CO-80 \$2,000 Deductible	Gold
54322IL0061005	MercyCare HMO CO-80 \$3,000 Deductible	Gold
54322IL0061008	MercyCare HMO H.S.A. CO-100 \$3,500 Deductible	Gold
54322IL0061007	MercyCare HMO CO-70 \$4,000 Deductible	Silver
54322IL0061009	MercyCare HMO CO-70 \$6,750 Deductible	Silver

The SERFF tracking number for this filing is MCIN-134909424.

The purpose of this actuarial memorandum is to demonstrate that the proposed rates included in this filing are reasonable in relationship to the benefits provided and meet all rating requirements of the applicable laws and regulations in the State of Illinois, as well as comply with the applicable requirements of the Affordable Care Act and all related regulations. All assumptions and methods used to calculate the proposed rates are presented within this memorandum.

The intended audience for this document is the Illinois Department of Insurance (the Department). This document is not intended for any other purpose.



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Corryn Brown, FSA, MAAA  
Oliver Wyman Actuarial Consulting, Inc.



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# MercyCare Health Plans

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## Memorandum

**To:** Illinois Department of Insurance  
**From:** MercyCare Health Plans

**Date:** 6/1/2026  
**Subject:** Confidentiality

**MERCYCARE HMO, INC. (MERCYCARE HEALTH PLANS)  
CONFIDENTIALITY OF PROPRIETARY INFORMATION – 2027 RATE  
FILING SUBMISSION**

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This rate filing contains proprietary and confidential information that includes trade secrets as defined in Section 7(1)(g) of the Freedom of Information Act (FOIA) (5 ILCS 140/7(1)(g)).

Therefore, MercyCare Health Plans respectfully requests that the Actuarial Memorandum, the Unified Rate Review Template, Rate Data Collection, and all correspondence filed in the NAIC's System for Electronic Rate and Form Filings be clearly designated by the Department of Insurance (DOI) as trade secrets and not posted to the DOI website or otherwise made publicly available.

Thank you for your consideration.

Sincerely,



John Trochlell  
Director of Actuarial and Underwriting