
State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
Product Name:	MercyCare 2026 IL IND HMO Rates		
Project Name/Number:	/		

Filing at a Glance

Company:	MercyCare HMO, Inc.
Product Name:	MercyCare 2026 IL IND HMO Rates
State:	Illinois
TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)
Sub-TOI:	HOrg02I.005D Individual - HMO
Filing Type:	Rate
Date Submitted:	06/09/2025
SERFF Tr Num:	MCIN-134453694
SERFF Status:	Assigned
State Tr Num:	
State Status:	Assigned to Reviewer
Co Tr Num:	
Effective	01/01/2026
Date Requested:	
Author(s):	John Trochlell, Morgyn Ray, Nicole Oliveira
Reviewer(s):	Eric Anderson (primary), Becky Sheppard, Christina Roy, Andrew Larocque, Janet Romanelli
Disposition Date:	
Disposition Status:	
Effective Date:	
State Filing Description:	

State: Illinois
TOI/Sub-TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO
Product Name: MercyCare 2026 IL IND HMO Rates
Project Name/Number: /

Filing Company: MercyCare HMO, Inc.

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: Individual
Submission Type: New Submission Individual Market Type:
Overall Rate Impact: 9.31% Filing Status Changed: 06/09/2025
State Status Changed: 06/09/2025
Deemer Date: Created By: Nicole Oliveira
Submitted By: Nicole Oliveira Corresponding Filing Tracking Number:
State TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)
State Sub-TOI: HOrg02I.005D Individual - HMO
PPACA: Non-Grandfathered Immed Mkt Reforms
PPACA Notes: null
Exchange Intentions: We intend to offer the Individual HMO plan both on- and off-exchange.

Filing Description:

We are requesting approval of rates for MercyCare HMO, Inc.'s Individual Policy that will be offered both on- and off- exchange for PY 2026.

The tracking number for associated forms filings is MCIN-134453691. Forms submitted in the form filing includes:

--Individual HMO Member Policy (MCIL_INDHMO_JAN2026)
--Individual HMO HSA Member Policy (MCIL_INDHMOHSA_JAN2026)
--Plan Specific Schedule of Benefits for each plan (Form number MCIL_INDHMO_SOB_2026_XXXX-xx. The plan specific number is shown where the x's are in the form number.)
--Summary of Benefits and Coverage Template (MCIL_INDHMO_SBC_2026)
-Individual Application Form (MCILINDJAN2026)

Other previously approved form associated with this individual plan also includes:

--Change of Status Form - Form number MCCOSMAY2020 (MCIN-132302205)

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

State: Illinois

Filing Company: MercyCare HMO, Inc.

TOI/Sub-TOI: HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO

Product Name: MercyCare 2026 IL IND HMO Rates

Project Name/Number: /

Filing Company Information

MercyCare HMO, Inc.
580 N Washington
PO Box 550
Janesville, WI 53547-0550
(608) 752-3431 ext. [Phone]

CoCode: 12195
Group Code: 3595
Group Name: MercyCare Health
Plans
FEIN Number: 20-1482553

State of Domicile: Wisconsin
Company Type: HMO
State ID Number:

State:Illinois

Filing Company:MercyCare HMO, Inc.

TOI/Sub-TOI:HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO

Product Name:MercyCare 2026 IL IND HMO Rates

Project Name/Number: /

Filing Fees

State Fees

Fee Required?No

Retaliatory?No

Fee Explanation:

SERFF Tracking #:	MCIN-134453694	State Tracking #:	Company Tracking #:
State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
Product Name:	MercyCare 2026 IL IND 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:	9.310%
Effective Date of Last Rate Revision:	01/01/2025
Filing Method of Last Filing:	SERFF
SERFF Tracking Number of Last Filing:	MCIN-133973626

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	9.310%	9.310%	\$1,238,343	959	\$13,301,214	21.100%	-14.010%

State: Illinois
TOI/Sub-TOI: HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO
Product Name: MercyCare 2026 IL IND HMO Rates
Project Name/Number: /

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
MercyCare IL IND HMO			1274

Trend Factors:

FORMS:

New Policy Forms: MCIL_INDHMO_JAN2026, MCIL_INDHMOHSA_JAN2026
Affected Forms:
Other Affected Forms:

REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual
Member Months: 13,736
Benefit Change: Increase
Percent Change Requested: Min: -14.01 Max: 21.1 Avg: 9.31

PRIOR RATE:

Total Earned Premium: 12,340,454.00
Total Incurred Claims: 10,959,267.00
Annual \$: Min: 328.10 Max: 1,689.44 Avg: 805.93

REQUESTED RATE:

Projected Earned Premium: 9,230,761.00
Projected Incurred Claims: 8,197,622.00
Annual \$: Min: 273.69 Max: 1,931.50 Avg: 880.97

SERFF Tracking #:	MCIN-134453694	State Tracking #:	Company Tracking #:
State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
Product Name:	MercyCare 2026 IL IND HMO Rates		
Project Name/Number:	/		

URRT

State Determination

Review Status:	Incomplete
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SERFF Tracking #:	MCIN-134453694	State Tracking #:	Company Tracking #:
State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
Product Name:	MercyCare 2026 IL IND HMO Rates		
Project Name/Number:	/		

URRT Items

Item Name	Attachment(s)
Actuarial Memorandum - Redacted	MercyCare2026IndividualActMemoRedacted.pdf

PART III ACTUARIAL MEMORANDUM

MERCYCARE HMO, INC.

INDIVIDUAL RATE FILING

JANUARY 1, 2026

LIST OF APPENDICES

Appendix A: Index Rate Development

Appendix B: Plan Adjusted Index Rate Development

Appendix C: Silver Load Development

Appendix D: Induced Utilization Factors

Appendix E: Age Curve

Appendix F: Proposed Rates

Appendix G: Age Calibration Development

Appendix H: Membership Projections by Plan

Appendix I: Membership Projections by Age

Appendix J: Plan Map

Appendix K: EHB Costs Not Covered by the Manual Rate

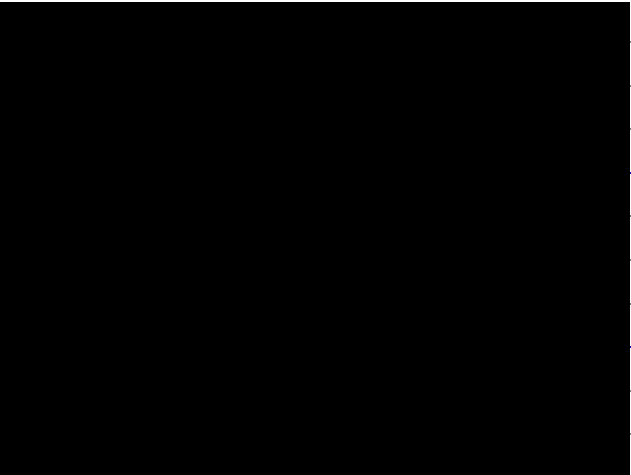
Appendix L: Commission Schedules

Appendix M: 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 development and pricing of its non-grandfathered, non-Medicare products that are proposed to be offered on and off the Exchange for the Individual market in the State of Illinois effective January 1, 2026. This filing is for an existing product and the proposed rates are effective January 1, 2026. The benefits and rate development structure for individual policies 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. This filing assumes enhanced premium tax credits (EPTCs) expire at the end of 2025. 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 2026 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	Individual
Effective Date	January 1, 2026
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 Individual HMO plans in Illinois Rating Areas 2 and 5, effective January 1, 2026.

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 Individual ACA market during calendar year 2026. Some of these plans will be offered on and off-Exchange, some will be sold off-Exchange only. All plans will be sold only in McHenry, Winnebago, 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_INDHMO_JAN2026.

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

HIOS Product Code	HIOS Product Name
54322IL009	MercyCare HMO

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

HIOS Plan ID	HIOS Plan Name	Metal Level
54322IL0090010	MercyCare Gold Standard	Gold
54322IL0090003	MercyCare Gold Health Savings	Gold
54322IL0090011	MercyCare Silver Standard	Silver
54322IL0090004	MercyCare Silver 2500	Silver
54322IL0090006	MercyCare Silver Health Savings	Silver
54322IL0090013	MercyCare Silver Standard Off-Exchange	Silver
54322IL0090012	MercyCare Silver 2500 Off-Exchange	Silver
54322IL0090014	MercyCare Silver Health Savings Off-Exchange	Silver

Description of Benefits (State Act Memo Item 1d)

MercyCare will offer eight major medical plans under the Individual ACA product in 2026. The plan offerings include two gold plans and six silver plans, three of which will be offered off-Exchange only. None of the 2026 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. 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 Illinois Individual ACA product are open to new sales.

Marketing Method (State Act Memo Item 1e)

Some of the plans included in this filing will be marketed both on and off-Exchange, some will be marketed off-Exchange only. Off-Exchange, the products will be marketed through licensed agents, both internal and external.

PROPOSED RATE CHANGE (SECTION 4.3)

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

This was a new policy form in 2021.

Year	Month	Rate Change
2022	January	4.3%
2023	January	7.0%
2024	January	11.8%
2025	January	5.4%

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

The effective date of the proposed rates is January 1, 2026.

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

The proposed rates will be available for 12 months following the effective date. Rates for individual policyholders in 2026 will be guaranteed for the shorter of either a 12-month period following the policy effective date or the point at which the policy year ends.

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

MCIN-133973626

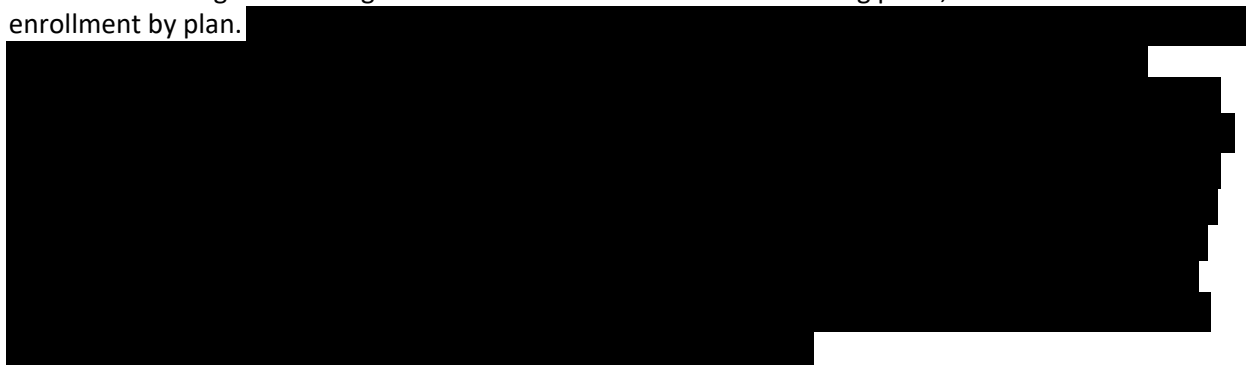
Effective Date of Prior Filing (State Act Memo Item 2e)

The effective date of the prior filing was January 1, 2025.

Proposed Percentage Rate Change (State Act Memo Item 2f)

The premium rate changes shown for each plan in the table that follows reflect changes in rates between 2025 and 2026. Rate changes vary by rating area, resulting in a minimum and maximum change different than the average.

The overall average rate change shown in the URRT is 9.3% for renewing plans, based on current enrollment by plan.



HIOS ID	Average Rate Change	Minimum Rate Change	Maximum Rate Change
54322IL0090010	-8.2%	-8.7%	-8.2%
54322IL0090003	-13.5%	-14.0%	-13.5%
54322IL0090011	17.8%	17.1%	17.8%
54322IL0090004	19.0%	18.3%	19.0%
54322IL0090006	21.1%	20.4%	21.1%
54322IL0090013	N/A	N/A	N/A
54322IL0090012	N/A	N/A	N/A
54322IL0090014	N/A	N/A	N/A

Reason for Rate Change (State Act Memo Item 2g)

The primary factors driving the rate change are an updated manual rate, the reliance on updated base period experience, updated capitation contracts, medical and prescription drug trends, and updated assumptions regarding the CSR load (as required by IL DOI). The rate changes vary by plan due to the paid-to-allowed ratios used in pricing being updated for 2026 based on Oliver Wyman's pricing model, updates to the development of the induced utilization factors (as required by IL DOI), as well as the impact of CSR loading on silver plans.

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]

Administrative Expenses:

[REDACTED]

Pricing AVs:

[REDACTED]

[REDACTED]

[REDACTED]

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

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: \$9,671.

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: \$10,572.

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

MercyCare had 959 policyholders and 1,274 covered lives enrolled in this product as of March 2025.

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

The projected loss ratios shown below for 2026 are based on dividing projected incurred claims by earned premium.

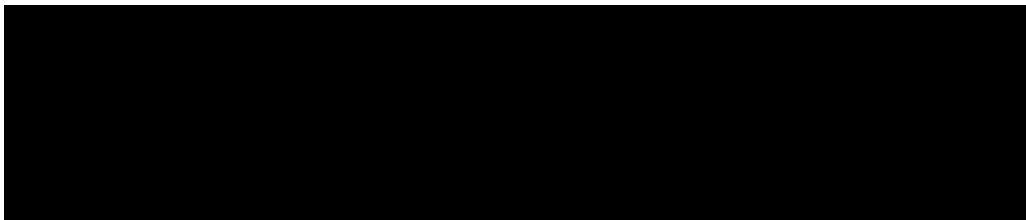
Traditional Loss Ratio With Proposed Rate Increase: [REDACTED]

Traditional Loss Ratio Without Proposed Rate Increase: [REDACTED]

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

There was a new policy form in 2021.

The historical loss ratios for prior years are summarized below:



The projected loss ratio shown below for 2026 is based on dividing projected incurred claims by earned premium.

Projected Traditional Loss Ratio for 2026: [REDACTED]

[REDACTED]

Since the proposed rates were not developed to achieve a target lifetime loss ratio over many years, projected experience beyond 2026 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 Individual 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, 2024 through December 31, 2024 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, 2025.

Current Date

Current enrollment and premium are reported as of March 2025.

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 Individual ACA book of business for dates of service in calendar year 2024 was \$9,819,999. A summary of the experience period member months as well as allowed and incurred claims, including IBNP amounts as of March 31, 2025, is provided below:

	Paid Through 3/2025	IBNP	Est. 2024 Total
Medical			
Allowed			\$8,114,486
Incurred			\$6,617,711
Pharmacy			
Allowed			\$1,705,514
Incurred			\$1,633,295
Member Months			

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.

Cost Sharing Reduction Amounts

The cost sharing reduction (CSR) subsidies for PY 2024 were estimated by "shadow pricing" actual 2024 claims of CSR enrollees. The amount of estimated PY2024 CSR subsidy is \$946,640.

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

Premium in calendar year 2024, net of anticipated MLR rebates: \$11,477,667

Based on the estimated MLR for 2024 and taking into account the credibility of the underlying experience, this figure assumes no MLR rebates will be paid for calendar year 2024.

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 2026 facility capitation arrangement from 2024 to 2026 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 2024 and 2026.

The calculated unit cost and utilization trends vary among the service categories. However, for services that will not be covered under MercyCare's 2026 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				
Total				

* Distribution of non-capitated claims

Adjustments to Trended EHB Allowed Claims PMPM (Section 4.4.3.2)

Morbidity Adjustment (State Act Memo Item 5d)

A morbidity adjustment was applied to claims for services that will not be covered under MercyCare's 2026 facility capitation arrangement to reflect differences in the average morbidity of the experience period population and the expected average morbidity of the projected population.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Demographic Shift (State Act Memo Item 5c)

An adjustment was applied to claims for services that will not be covered under MercyCare's 2026 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 Individual ACA product in 2026. We assumed the demographic distribution of the population anticipated to enroll in MercyCare's Illinois Individual ACA product in 2026 would follow the same distribution as MercyCare's Illinois Individual ACA membership as of March 2025. Using age/gender factors developed from the Merative® MarketScan® Commercial Database (MarketScan),³ we estimated the difference in average projected costs in MercyCare's Illinois Individual ACA product in 2026 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 was not a material change in coverage of benefits between 2024 and 2026 for MercyCare's Illinois Individual ACA product.

Adjustment for Changes to Benefits: [REDACTED]

Other Adjustments (State Act Memo Item 5e)

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 2026 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 2026. We weighted the projected paid-to-allowed ratios by the projected 2026 enrollment distribution by plan to estimate the average expected paid-to-allowed ratio for the projection period.

[REDACTED]

³ 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.

[REDACTED]

We then calculated the relative utilization of services due to cost sharing differences based on the factors utilized by HHS, as required by 215 ILCS 5/355(c-5). 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 base period experience and a projected 2026 induced utilization factor. The induced utilization adjustment was calculated by dividing the projected 2026 induced utilization factor by the base period induced utilization factor.

	Base Period Experience	Projection Period
Average Paid-to-Allowed Ratio	[REDACTED]	
Induced Utilization Factor		
Induced Utilization Adjustment		

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 2024: [REDACTED]

Estimated Rx Rebates as a % of Total Paid Prescription Drug Claims 2026: [REDACTED]

Adjustment for Changes in Rx Rebates: [REDACTED]

iii. Geographic Adjustment

A geographic adjustment was made to account for shifts in the expected distribution of enrollees by rating area.



iv. Inclusion of Capitation Payments



v. Impact of ACA Program Changes and Medicaid Eligibility Changes



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 Individual ACA experience for the period January 1, 2024 through December 31, 2024 in Wisconsin, with adjustments applied to reflect the population anticipated to be covered under MercyCare's Individual ACA plans in Illinois, as well as the benefits and provider contracts that will be in place in 2026.

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

The manual rate was developed based on MercyCare’s Individual HMO ACA experience for the period January 1, 2024 through December 31, 2024 in Wisconsin, with payments through March 31, 2025. 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, 2025, is provided below:

	Paid Through 3/2025	IBNP	Est. 2024 Total
Medical			
Allowed			
Incurred			
Pharmacy			
Allowed			
Incurred			
Member Months			

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 Individual ACA plans in Illinois, as well as the benefits and provider contracts that will be in place in 2026. The use of MercyCare’s Wisconsin Individual ACA 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 demographics and morbidity, as well as the underlying covered services, benefit plan design, and geographic mix of MercyCare’s Individual ACA block in Wisconsin are known and have been adjusted to levels expected in MercyCare’s Individual ACA Plans in Illinois in 2026.
- ii. The members in MercyCare’s Wisconsin Individual ACA 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 Individual ACA block in Illinois during the 2026 rate period. The differences between the networks and discount levels are known and have been adjusted for.
- iii. It is expected that the care management practices, provider referral patterns, fraud and abuse investigation and claim payment practices that underlie the Wisconsin Individual ACA experience used for the manual rate are consistent with those anticipated for the proposed Individual ACA plans in Illinois.

Therefore, it is appropriate to use one year of MercyCare’s Individual ACA experience from Wisconsin as the basis for the developing the manual rate.

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

The following adjustments were made to the 2024 Wisconsin Individual ACA experience to reflect appropriate Illinois-specific 2026 cost and utilization levels:

i. Changes to Benefits

Mandated coverage for 2026 in Illinois relative to the coverage available in Wisconsin's Individual ACA market during the base period is estimated to increase the expected allowed claims that will not be covered under MercyCare's 2026 facility capitation arrangement. This adjustment was developed based on a comparison of the coverage underlying MercyCare's 2024 Wisconsin Individual ACA population relative to the Illinois EHB benchmark plan for 2026. The most impactful mandated covered services that were not covered in MercyCare's 2024 Wisconsin Individual ACA product include the following: infertility treatment, private-duty nursing, bariatric surgery, routine foot care, and nutritional counseling. 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 K.

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 2026 facility capitation arrangement from 2024 to 2026 were developed based on an analysis of reputable industry trend reports given that this product has limited experience and the Wisconsin Individual ACA 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 2024 and 2026.

The calculated unit cost and utilization trends vary among service categories. However, for services that will not be covered under MercyCare's 2026 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				
Total				

* 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 2026 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 Individual ACA product in 2026. We assumed the demographic distribution of the population anticipated to enroll in MercyCare's Illinois Individual ACA product in 2026 would follow the same distribution as the membership enrolled in MercyCare's Illinois Individual ACA population as of March 2025. Using age/gender factors developed from the MarketScan database, we estimated the difference in average projected costs in MercyCare's Illinois Individual ACA product in 2026 relative to the experience underlying the manual rate due to demographic differences.

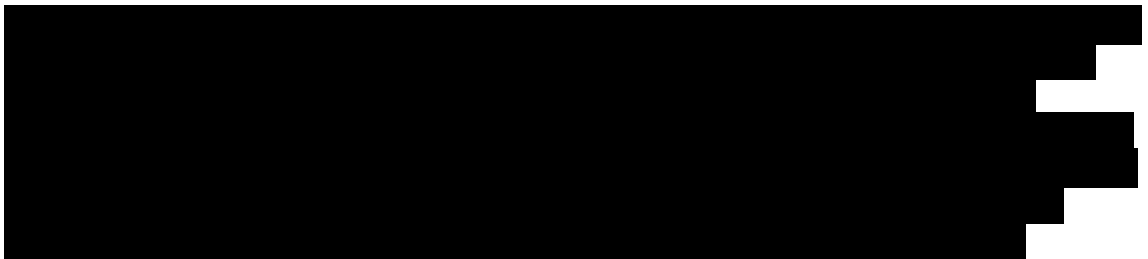
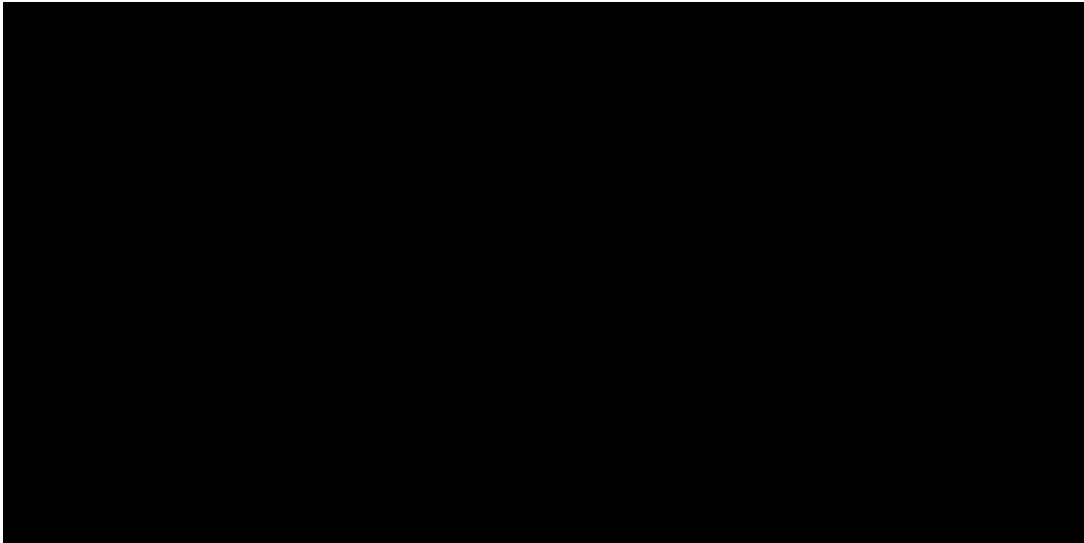
Average Age Underlying Experience used to Develop Manual Rate: [REDACTED]

Average Age of Projected Population: [REDACTED]

Adjustment for Changes in Demographics: [REDACTED]

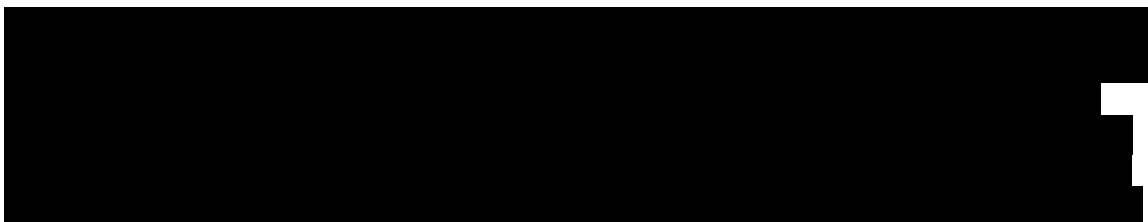
iv. Morbidity

A morbidity adjustment was applied to the manual rate experience for services that will not be covered under MercyCare's 2026 facility capitation arrangement to reflect the expected average morbidity of the projected population in MercyCare's Illinois Individual ACA product in 2026. 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 2026 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 Individual 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 2026. We weighted the projected paid-to-allowed ratios by the projected 2026 enrollment by plan to estimate the average expected paid-to-allowed ratio for the projection period.



[REDACTED]

We then calculated the relative utilization of services due to cost sharing differences based on the factors utilized by HHS, as required by 215 ILCS 5/355(c-5). 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 2026 induced utilization factor. The induced utilization adjustment was calculated by dividing the projected 2026 induced utilization factor by the manual rate induced utilization factor.

	Manual Rate Experience	Projection Period
Average Paid-to-Allowed Ratio	[REDACTED]	
Induced Utilization Factor		
Induced Utilization Adjustment		

vi. Provider Contract Changes

[REDACTED]

[REDACTED]

[REDACTED]

vii. Network Differences

Multiple adjustments were applied to claims for services that will not be covered under MercyCare's 2026 facility capitation arrangement to account for anticipated cost differences between MercyCare's provider networks for Wisconsin and Illinois.

[REDACTED]

[REDACTED]

viii. Impact of ACA Program Changes and Medicaid Eligibility Changes

[REDACTED]

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

[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 volume of member months and the formula above, MercyCare's 2024 Illinois Individual ACA base experience was considered partially credible.

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 is developed by blending the projected experience period claims and the credibility manual rate. As noted above, the experience period was assumed to be 51.7% credible.

Credibility Adjusted Projected Claims: \$758.62 PMPM

Projected Index Rate (State Act Memo Item 10)

The projected Index Rate is \$758.62 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 2026 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 2026 facility capitation agreement is shown. The adjustments being applied to the allowed claims for services that will not be subject to MercyCare's 2026 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.

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.

Adjustments	
Risk Transfer Adjustment	
+ Exchange User Fee Adjustment	
= Aggregated Adjustments	0.250
Index Rate for the Projection Period	\$758.62
x (1 + Aggregated Adjustments)	1.250
= Market Adjusted Index Rate	\$948.64

Please note differences in values relative to the URRT are due to rounding.

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 Individual ACA membership in 2026. 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.)

	State	MercyCare
AV	Actuarial Value	
RS	Risk Score	
RF	Rating Factor	
IDF	Induced Demand Factor	
GCF	Geographic Cost Factor	
P	Average Premium	
	$RS * IDF * GCF$	
N1	Normalized $(RS * IDF * GCF)$	
	$AV * RF * IDF * GCF$	
N2	Normalized $(AV * RF * IDF * GCF)$	
	$Transfer = State\ P \times (N1 - N2) \times 0.86$	

An explanation of the various factors used in the calculation above is outlined below.

1. [REDACTED]

2. [REDACTED]

3. [REDACTED]

4. [REDACTED]

[illegible]

[REDACTED]

[REDACTED]

Exchange User Fees

The Exchange User Fee for 2026 is intended to be 2.75% for members on the Exchange, per of 215 ILCS 122/5-21(a-2). This amount is allocated across all members expected to enroll, both on and off-Exchange.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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 \$109 billion in allowed claims for approximately 168 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 2026. 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.

Note, the average paid-to-allowed factor takes into account the nuanced benefit designs of each plan. In particular, the cost-sharing reduction (CSR) plans at the silver level have paid-to-allowed ratios much higher than the standard silver AV of 0.7. The weighting to get to the overall average accounts for the distribution by plan, including membership expected to enroll in the CSR plans.

[REDACTED]

[REDACTED]

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 D for the induced utilization factor for each plan for 2026 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 abortion coverage as mandated under the Illinois Reproductive Health Act. As required by section 1303 of the Patient Protection and Affordable Care Act, the actuarial values and non-EHB adjustments have been developed such that the cost for these required benefits is not less than \$1.00 per enrollee per month.

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 L. There are no anticipated changes in the schedules for 2026.

b) Profit and Risk Margin

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

c) State Premium Tax

Premium tax applicable to MercyCare in the State of Illinois in 2026 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 2026 is \$0.20 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	
Total Non-Benefit Expenses	
Federal and State Income Taxes	
State Premium Tax	
Risk Adjustment User Fee	
PCORI Fee	
Exchange User Fees	
Taxes and Fees	
Profit and Risk Load (Post Tax)	
Total Retention	

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 Individual 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 G for the quantitative development of the age calibration factor.

Calibration Factor: $0.545 = 1.000 / 1.835$

Geographic Calibration (State Act Memo Item 18d)

MercyCare is offering plans in three counties within two different rating areas. The geographic factors are normalized such that the average factor is 1.0; therefore, the calibration factor is 1.0.

Geographic Calibration Factor: $1.000 = 1.000 / 1.000$

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

A tobacco load of 15% is applied to tobacco users age 21 and above. The associated tobacco calibration factor is 0.993.

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 E.

Geographic Factors (State Act Memo Item 17b)

The Individual ACA product will only be offered in Illinois Rating Areas 2 and 5. These factors were developed to reflect the difference in anticipated capitation rates for facility services between the two rating areas.

	Geographic Factor	2026 Projected Distribution
Rating Area 2		
Rating Area 5		

Tobacco Factors (State Act Memo Item 17c)

A tobacco factor of 1.150 is applied to tobacco users age 21 and older.

Family Composition (State Act Memo Item 17d)

Individual 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 individual 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:

$$Rate_{p,a,r,t} = \text{Calibrated Plan Adjusted Index Rate}_p \times AgeFac_a \times Geography_r \times Tobacco_t$$

Where p = Plan option p

Where $AgeFac_a$ = The factor from the HHS age curve for someone age a

Where $Geography_r$ = The geographic adjustment factor for Rating Region r

Where $Tobacco_t$ = The tobacco adjustment factor for Tobacco Status t

The 2026 rate tables for all plans, ages, and rating areas can be found in Appendix F.

Weighted Average Age (State Act Memo Item 18b)

The approximate weighted average age for the projection period is 50.6. 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 44.6.

PROJECTED LOSS RATIO (SECTION 4.5)

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

Below is a demonstration of the 2026 calculation for the projected Federal MLR for the Illinois Individual ACA product, showing the application of adjustments allowed under the ACA:

	Calculated Paid Claims PMPM	
	+ Risk Transfer Payment/Receipt	
	+ Quality Improvement Expenses	
A	= Total Adjusted Medical Expense	\$787.14
	Calculated Average Premium PMPM	
	- Risk Adjustment User Fee	
	- PCORI Fee	
	- State Premium Tax	
	- Exchange Fee	
	- Federal and State Income Taxes	
B	= Total Adjusted Premium	\$848.15
= A / B Calculated Federal MLR		92.8%

Please note differences in values relative to the URRT are due to rounding.

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.

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 1.5 million members in 2026.

The distribution by plan, shown in Appendix H, was based on the current enrollment by plan as of March 2025 and expected member migration due to changes in the market as described above.

Projected Membership by Age

To develop projections of the 2026 membership by age we examined the current Illinois Individual ACA membership by age as of March 2025. This formed the basis for our best estimate of the anticipated distribution by age for the Illinois Individual ACA membership in 2026. Based on this information, we are projecting that the members will be distributed by age as shown in Appendix I.

Average Age of Projected Population: 

Terminated Plans and Products (Section 4.6.3)

No plans will be terminated at the end of 2025. A list of the 2025 plans and their 2026 status can be found in Appendix J.

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

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 Individual 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 Individual ACA experience for services that will not be covered under MercyCare's 2026 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)

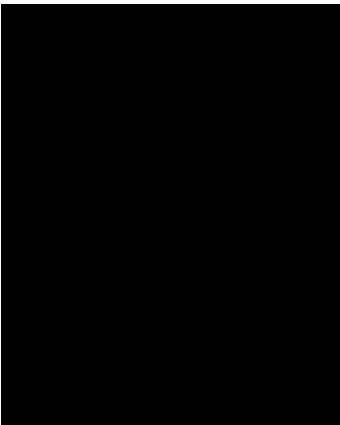
The following information regarding MercyCare HMO, Inc.'s financial position is based on reported financial annual statement information for calendar year 2024.

Net Capital Surplus: [REDACTED]

RBC Ratio: [REDACTED]

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 M 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 Individual 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 Individual ACA product effective January 1, 2026, 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, and guidance and requirements from the IL DOI for pricing in PY2026.

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
411 East Wisconsin Avenue, Suite 1300
Milwaukee, WI 53202-4412

Appendix A.1 - Index Rate Development

Index Rate Development	Actual Cost Projection	Manual Rate Projection
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 Large Claim Adj		
x Adjustment for Capitated Claims		
= 1/1/2026 Projected Allowed Claims PMPM for EHB Services		
Credibility of Actual Cost Projection		
= 1/1/2026 Index Rate		
x Trend Adjustment for Calendar Year Basis (SG only)		
= Index Rate for the Projection Period	\$758.62	
+ Adjustment to Add non-EHBs from Projection Period	\$2.27	
= Credibility-Weighted CY 2026 Projected Allowed Cost PMPM	\$760.89	

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		
= 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 Large Claim Adj		
= 1/1/2026 Projected Allowed Claims PMPM for Non-Capitated Services		
+ Projected Capitation Claim Cost PMPM (Allowed basis)		
= 1/1/2026 Projected Allowed Claims PMPM for EHB Services		
Credibility of Actual Cost Projection		
= 1/1/2026 Index Rate		
x Trend Adjustment for Calendar Year Basis (SG only)		
= Index Rate for the Projection Period	\$758.62	
+ Adjustment to Add non-EHBs from Projection Period	\$2.27	
= Credibility-Weighted CY 2026 Projected Allowed Cost PMPM	\$760.89	

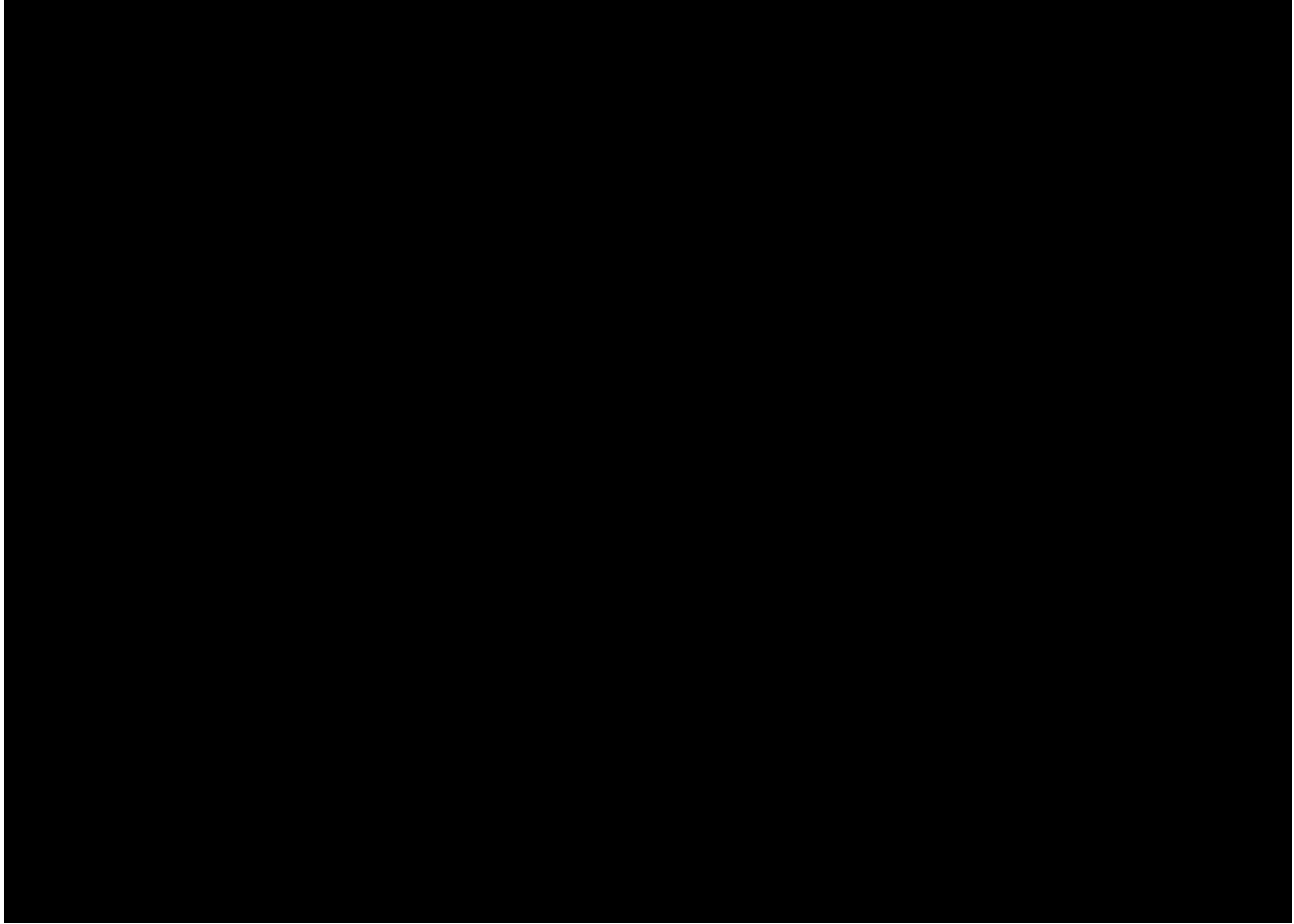
Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	\$948.64		
	Plan ID	543221L0090010	543221L0090003
Plan Level Adjustments	Average	MercyCare Gold Standard	MercyCare Gold Health Savings
x Paid-to-Allowed Ratio		0.808	0.778
x Induced Utilization		1.085	1.067
x Induced Utilization Norm.		0.900	0.900
x Network Adjustment		1.000	1.000
x Adjustment for Pediatric Dental and Non-EHB Benefits		1.003	1.003
x Catastrophic Adjustment		1.000	1.000
= Estimated Average Paid Claims PMPM	\$803.74	\$750.31	\$711.42
Non-Benefit Expenses - Aggregated Amounts	Average	MercyCare Gold Standard	MercyCare Gold Health Savings
Plan Level Adjusted Index Rate	\$880.97	\$822.44	\$779.84
Age Calibration Adjustment		0.545	0.545
Geographic Calibration Adjustment		1.000	1.000
Tobacco Use Calibration Adjustment		0.993	0.993
Consumer Adjusted Index Rate		\$444.86	\$421.82
AV Pricing Value		0.867	0.822

Appendix B - Plan Adjusted Index Rate Development

Market Adjusted Index Rate (EHB basis)	\$948.64						
	Plan ID	54322IL0090011	54322IL0090004	54322IL0090006	54322IL0090013	54322IL0090012	54322IL0090014
Plan Level Adjustments	Average	MercyCare Silver Standard	MercyCare Silver 2500	MercyCare Silver Health Savings	MercyCare Silver Standard Off-Exchange	MercyCare Silver 2500 Off-Exchange	MercyCare Silver Health Savings Off-Exchange
x Paid-to-Allowed Ratio		0.916	0.921	0.933	0.727	0.731	0.741
x Induced Utilization		1.163	1.167	1.178	1.042	1.043	1.048
x Induced Utilization Norm.		0.900	0.900	0.900	0.900	0.900	0.900
x Network Adjustment		1.000	1.000	1.000	1.000	1.000	1.000
x Adjustment for Pediatric Dental and Non-EHB Benefits		1.003	1.003	1.003	1.004	1.004	1.004
x Catastrophic Adjustment		1.000	1.000	1.000	1.000	1.000	1.000
= Estimated Average Paid Claims PMPM	\$803.74	\$911.76	\$919.79	\$940.47	\$648.58	\$653.19	\$664.83
Non-Benefit Expenses - Aggregated Amounts	Average	MercyCare Silver Standard	MercyCare Silver 2500	MercyCare Silver Health Savings	MercyCare Silver Standard Off-Exchange	MercyCare Silver 2500 Off-Exchange	MercyCare Silver Health Savings Off-Exchange
Plan Level Adjusted Index Rate	\$880.97	\$999.28	\$1,008.09	\$1,030.74	\$711.00	\$716.06	\$728.81
Age Calibration Adjustment		0.545	0.545	0.545	0.545	0.545	0.545
Geographic Calibration Adjustment		1.000	1.000	1.000	1.000	1.000	1.000
Tobacco Use Calibration Adjustment		0.993	0.993	0.993	0.993	0.993	0.993
Consumer Adjusted Index Rate		\$540.52	\$545.28	\$557.53	\$384.58	\$387.32	\$394.22

Appendix C - Silver Load Development



Appendix D - Induced Utilization Factors

2023 Plan	2023 Projected Membership	2023 Induced Utilization Factor
MercyCare HMO Gold Standard	46.4%	1.0797
MercyCare HMO Gold HDHP	11.9%	1.1014
MercyCare HMO Silver Option A	5.3%	1.0540
MercyCare HMO Silver Standard	7.3%	1.0461
MercyCare HMO Silver HDHP	4.4%	1.0507
MercyCare HMO Bronze Option A	6.4%	1.0237
MercyCare HMO Bronze Standard- Expanded	8.9%	1.0333
MercyCare HMO Bronze HDHP	9.3%	1.0103

2024 Plan	2024 Projected Membership	2024 Induced Utilization Factor
MercyCare Gold Standard	52.0%	1.1500
MercyCare Gold Option B	16.7%	1.1500
MercyCare Silver Option A	9.5%	1.0300
MercyCare Silver Standard	13.9%	1.0300
MercyCare Silver Option B	7.9%	1.0300

2025 Plan
MercyCare Gold Standard
MercyCare Gold Health Savings
MercyCare Silver Standard
MercyCare Silver 2500
MercyCare Silver Health Savings

2026 Plan
MercyCare Gold Standard
MercyCare Gold Health Savings
MercyCare Silver Standard
MercyCare Silver 2500
MercyCare Silver Health Savings
MercyCare Silver Standard Off-Exchange
MercyCare Silver 2500 Off-Exchange
MercyCare Silver Health Savings Off-Exchange

Metal Level	2023 Induced Utilization Factor	2024 Induced Utilization Factor
Gold	1.0841	1.1500
Silver	1.0498	1.0300
Bronze	1.0221	N/A

Appendix E - 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 F - Proposed Rates

Rating Area 2				
Plan Name	MercyCare Gold Standard		MercyCare Gold Health Savings	
Plan ID	54322IL0090010		54322IL0090003	
Metal Level	Gold		Gold	
Tobacco Status	Non-User	User	Non-User	User
0				
1				
2				
3				
4				
5				
6				
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9				
10				
11				
12				
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62				
63				
64+				

Appendix F - Proposed Rates

Rating Area 2						
Plan Name	MercyCare Silver Standard	MercyCare Silver 2500	MercyCare Silver Health Savings	MercyCare Silver Standard Off-Exchange	MercyCare Silver 2500 Off-Exchange	MercyCare Silver Health Savings Off-Exchange
Plan ID	54322IL0090011	54322IL0090004	54322IL0090006	54322IL0090013	54322IL0090012	54322IL0090014
Meta Level	Silver	Silver	Silver	Silver	Silver	Silver
Tobacco Status						
0						
1						
2						
3						
4						
5						
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62						
63						
64*						

Appendix F - Proposed Rates

Rating Area 5				
Plan Name	MercyCare Gold Standard		MercyCare Gold Health Savings	
Plan ID	54322IL0090010		54322IL0090003	
Metal Level	Gold		Gold	
Tobacco Status	Non-User	User	Non-User	User
0				
1				
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62				
63				
64+				

Appendix F - Proposed Rates

Rating Area 5													
Plan Name	MercyCare Silver Standard		MercyCare Silver 2500		MercyCare Silver Health Savings		MercyCare Silver Standard Off-Exchange		MercyCare Silver 2500 Off-Exchange		MercyCare Silver Health Savings Off-Exchange		
Plan ID	54322IL0090011		54322IL0090004		54322IL0090006		54322IL0090013		54322IL0090012		54322IL0090014		
Metal Level	Silver		Silver		Silver		Silver		Silver		Silver		
Tobacco Status	Non-User	User	Non-User	User	Non-User	User	Non-User	User	Non-User	User	Non-User	User	
0													
1													
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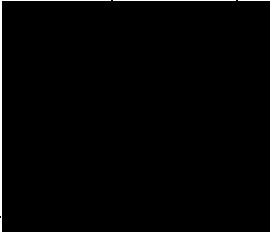
Appendix G - Age Calibration Development

Age Calibration: 0.545

Age Curve		Demographic Distribution	
Ages	Rating Factor	Ages	
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 H - Membership Projections by Plan

Projected Members: 

HIOS Plan ID	HIOS Plan Name	Metal Level	Expanded	Members	Projected Enrollment
			Bronze		
54322IL0090010	MercyCare Gold Standard	Gold	No		
54322IL0090003	MercyCare Gold Health Savings	Gold	No		
54322IL0090011	MercyCare Silver Standard	Silver	No		
54322IL0090004	MercyCare Silver 2500	Silver	No		
54322IL0090006	MercyCare Silver Health Savings	Silver	No		
54322IL0090013	MercyCare Silver Standard Off-Exchange	Silver	No		
54322IL0090012	MercyCare Silver 2500 Off-Exchange	Silver	No		
54322IL0090014	MercyCare Silver Health Savings Off-Exchange	Silver	No		

Appendix I - Membership Projections by Age

Projected Members:



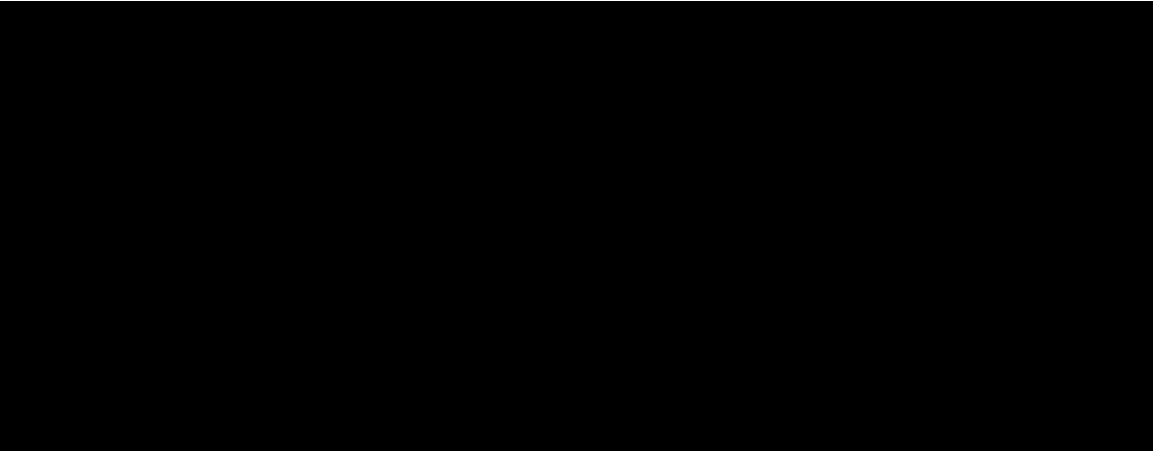
Age	Members	Proj Dist
Unratable		
0		
1		
2		
3		
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11		
12		
13		
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23		
24		
25		
26		
27		
28		
29		
30		
31		

Age	Members	Proj Dist
32		
33		
34		
35		
36		
37		
38		
39		
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41		
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45		
46		
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63		
64+		

Appendix J - Plan Map

2025 HIOS ID	2026 Plan Status	Mapped 2026 HIOS ID
54322IL0090010	Renewing	54322IL0090010
54322IL0090003	Renewing	54322IL0090003
54322IL0090011	Renewing	54322IL0090011
54322IL0090004	Renewing	54322IL0090004
54322IL0090006	Renewing	54322IL0090006
	New	54322IL0090013
	New	54322IL0090012
	New	54322IL0090014

Appendix K - EHB Costs Not Covered by the Manual Rate



Appendix L - Commision Schedule



MercyCare HMO, Inc.

Statement Regarding Accuracy of Data and Reliance on Assumptions Provided
2026 Illinois Commercial Individual 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 2026 commercial Individual 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 2026 could differ significantly from that which is projected by Oliver Wyman.

1. January 2024 through December 2024 claims, premium, and membership for MercyCare's Illinois Individual and Wisconsin Individual business used in development of the rates;
2. Incurred but not paid completion estimates for January 2024 through December 2024 incurred claims, with payments through March 2025;
3. Membership data for Wisconsin and Illinois Individual business as of March 2025;
4. A summary of covered services and cost sharing parameters for each of the benefit plans underlying the 2024 Wisconsin Individual experience;
5. 2026 proposed benefit plan designs, including covered services and cost sharing parameters;

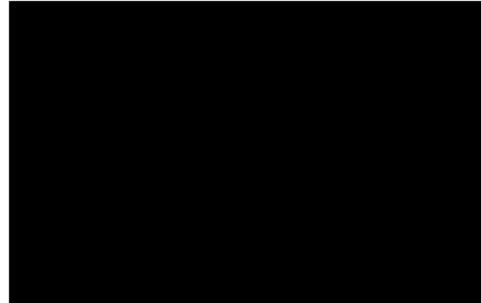
6. Confirmation the 2026 proposed benefit plans are in compliance with their respective Metal AV requirements and pass the financial test for the Mental Health Parity and Addiction Equity Act;
7. Projected 2026 membership volumes and distribution by plan and rating area;
8. Information on MercyCare's provider network and expected contract changes, including:
 - a. Projected capitation amounts for calendar year 2026;
 - b. The average difference in cost due to differences in fee schedules between MercyCare's Wisconsin and Illinois Individual products for non-capitated medical services;
 - c. The projected annual change in average charges between 2024 and 2026 for facility and professional services;
9. Information on 2024 and 2026 pharmacy reimbursement arrangements, including formulary and rebates, as well as guidance related to the average difference in expected pharmacy costs between the Wisconsin and Illinois Individual products due to differences in pharmacy networks;
10. Product names, product IDs, plan names, and plan IDs as entered in HIOS for each benefit plan;
11. A crosswalk from MercyCare's current plans offered in the Individual market to those plans that will be offered in 2026;
12. Projected administrative expenses, taxes, fees, and target profit;
13. The counties in which MercyCare intends to offer Individual products in 2026;
14. 2024 risk adjustment program information, including May 2025 RATEE files for the Wisconsin and Illinois markets, and MercyCare's projected risk transfer payment amounts for 2024;
15. Confirmation that the 2026 proposed provider network meets network adequacy requirements;
16. Guidance on how the end of the enhanced premium tax credits, could impact enrollment and morbidity in the Individual market for 2026;

17. Any other information provided in support of the 2026 MercyCare Individual 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 2026 Illinois Individual pricing. I further acknowledge that significant risk and uncertainty underlie the development of rates for Individual products to be sold in 2026 due to the potential impacts of Medicaid unwinding.

Director of Actuarial and Underwriting
Title

6/2/2025
Date



State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO		
Product Name:	MercyCare 2026 IL IND HMO Rates		
Project Name/Number:	/		

Supporting Document Schedules

Satisfied - Item:	Review Requirement Checklist
Comments:	
Attachment(s):	healthpremiumratereviewchecklist_IL_IND_PY26.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certification of Compliance
Comments:	
Attachment(s):	IL CoC_PY26_Signed.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Certifications and Cover Letter
Comments:	
Attachment(s):	IL Individual - 2026 Cover Letter.pdf IL Individual - 2026 ActuarialCertificationForRateFilings.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Public Rate Filing Summary
Comments:	
Attachment(s):	IL Ind 2026 - public-rate-filing-summary.xlsx
Item Status:	
Status Date:	

Satisfied - Item:	Confidentiality Request
Comments:	
Attachment(s):	Confidentiality Letter PY26.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Rate Tables Template
Comments:	
Attachment(s):	MercyCare PY2026 Rate Tables - Individual.xml
Item Status:	

SERFF Tracking #:	MCIN-134453694	State Tracking #:		Company Tracking #:	
State:	Illinois	Filing Company:	MercyCare HMO, Inc.		
TOI/Sub-TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO				
Product Name:	MercyCare 2026 IL IND HMO Rates				
Project Name/Number:	/				
Status Date:					

SERFF Tracking #:	MCIN-134453694	State Tracking #:	Company Tracking #:
State:	Illinois	Filing Company:	MercyCare HMO, Inc.
TOI/Sub-TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
Product Name:	MercyCare 2026 IL IND HMO Rates		
Project Name/Number:	/		

Attachment IL Ind 2026 - public-rate-filing-summary.xlsx is not a PDF document and cannot be reproduced here.

Attachment MercyCare PY2026 Rate Tables - Individual.xml is not a PDF document and cannot be reproduced here.

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**

Illinois Insurance Code Link	Illinois Compiled Statutes Online		
Illinois Administrative Code Link	Administrative Regulations Online		
Product Coding Matrix	Product Coding Matrix		
REVIEW REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
		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.	
COMPANY REQUIREMENTS	REFERENCE	DESCRIPTION OF REVIEW STANDARDS REQUIREMENTS	LOCATION OF STANDARD IN FILING
Cover Letter	50 IL Adm. Code 916.40 (b)	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-134453694

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-134453694
Implementation Date		The proposed effective date of rate revision implementation.	1/1/2026
Rate Filing Requirements	215 ILCS 5/355	<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-134453694
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>http://www.serff.com/documents/index_ppaca_tois.pdf</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>https://www.qhpcertification.cms.gov/s/Unified%20Rate%20Review</p>	Included in the Supporting Documentation tab of MCIN-134453694
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 http://www2.illinois.gov/sites/Insurance/Companies/Documents/Experience.xlsx</p>	Included in the Supporting Documentation tab of MCIN-134453694

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: http://www2.illinois.gov/sites/Insurance/Companies/documents/RateReviewChecklistSmallGroup.pdf</p> <p>Individual Checklist: http://www2.illinois.gov/sites/Insurance/Companies/documents/RateReviewChecklistIndividual.pdf</p>	Included in the Supporting Documentation tab of MCIN-134453694
Actuarial Certification		The Actuarial Certification must be completed for all filings. http://www2.illinois.gov/sites/Insurance/Companies/documents/ActuarialCertificationForRateFilings.pdf	Included in the Supporting Doc 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	215 ILCS 5/404	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 Doc Tab
Have you included the following forms?		<ol style="list-style-type: none"> 1. Federal Unified Rate Review Template 2. Rate Data Collection Form 3. Actuarial Memorandum 4. Actuarial Certification 	Affirmed

CERTIFICATE OF COMPLIANCE

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: 5/20/25
(Source: Amended at 39 Ill. Reg. 16152, effective December 3, 2015)



**ILLINOIS ACTUARIAL MEMORANDUM
COVER LETTER**

**MERCYCARE HMO, INC.
INDIVIDUAL RATE FILING
JANUARY 1, 2026**

The rates presented in the attached memorandum represent a filing for an existing product for Individual HMO plans in Illinois, effective January 1, 2026.

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

HIOS Plan ID	HIOS Plan Name	Metal Level
54322IL0090010	MercyCare Gold Standard	Gold
54322IL0090003	MercyCare Gold Health Savings	Gold
54322IL0090011	MercyCare Silver Standard	Silver
54322IL0090004	MercyCare Silver 2500 (3 Free PCP Visits)	Silver
54322IL0090006	MercyCare Silver Health Savings	Silver
54322IL0090013	MercyCare Silver Standard Off-Exchange	Silver
54322IL0090012	MercyCare Silver 2500 Off-Exchange	Silver
54322IL0090014	MercyCare Silver Health Savings Off-Exchange	Silver

The SERFF tracking number for this filing is MCIN-134453694.

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.



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



Company Name **MercyCare HMO, Inc.**

SERFF Filing Number **MCIN-134453694**

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 Corryn Brown

Title **Senior Manager**

Date **June 3, 2025**

MEMORANDUM

To: Illinois Department of Insurance

From: MercyCare Health Plans

Subject: MercyCare HMO, Inc. (MercyCare Health Plans) Confidentiality of
Proprietary Information – 2026 Rate Filing Submissions

Date: June 3, 2025

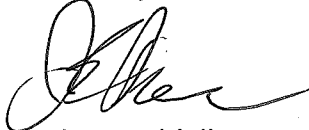
REQUEST FOR CONFIDENTIALITY OF PROPRIETARY INFORMATION:

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 Services