



UnitedHealthcare of Oregon, Inc.

Part II: Written Justification of Rate Increase

Washington 2026 Individual Exchange Rates

September 2, 2025



Part II: Written Description Justifying the Rate Increase

The following memorandum describes the key drivers of the rate changes of individual rates for UnitedHealthcare of Oregon, Inc. ("UHCOR"). UHCOR policies are individual medical plans offered in Washington and are fully compliant with the Patient Protection and Affordable Care Act.

Scope and Range of the Rate Increase

UHCOR is filing 2026 rates for individual products. The proposed rate change is 37.97% and will affect 6,180 individuals. The rate changes vary between 13.47% and 59.25%. Given that the rate changes are based on the same single risk pool, the rate changes vary by plan due to plan design changes.

The impact of cost share changes is +1.62%, the impact of benefit changes is +0.11%, and the rate change due to experience and trend is +35.71%.

Financial Experience of the Product

The below chart illustrates the financial experience of the UHCOR license in Washington for the previous 3 years.

	Experience Period				First Prior Period				Second Prior Period			
	From	1/1/2024	To	12/31/2024	From	1/1/2023	To	12/31/2023	From	1/1/2022	To	12/31/2022
Member Months				76,231				54,936				42,982
Earned Premium				\$46,981,986.99				\$35,154,513.10				\$24,756,600.45
Paid Claims				\$47,579,384.77				\$29,247,760.00				\$17,856,583.07
Beginning Claim Reserve				\$1,306,886.27				\$876,433.98				\$234,388.00
Ending Claim Reserve				\$3,377,473.27				\$1,306,886.27				\$876,433.98
Incurred Claims				\$49,649,971.77				\$29,678,212.29				\$18,498,629.05
Expenses				\$4,000,867.63				\$4,130,907.47				\$3,981,586.53
Gain/Loss				-\$6,668,852.41				\$1,345,393.34				\$2,276,384.87
Loss Ratio Percentage				105.68%				84.42%				74.72%
(i) Risk Adjustment Transfer				\$496,611.96				-\$1,318,462.16				-\$822,377.19
(ii) Total HCRP Transfer				\$571,988.18				\$0.00				\$0.00
(iii) Total HCRP Assessment				-\$185,977.79				-\$126,799.17				-\$90,447.78
(iv) HHS-RADV Adjustments				\$0.00				-\$134,218.88				\$0.00
(v) Total Reinsurance				\$0.00				\$0.00				\$0.00
(vi) Adjusted Gain/Loss				-\$6,358,218.24				-\$99,867.99				\$1,363,559.90
(vi) Adjusted Loss Ratio Percentage				104.98%				88.04%				77.58%
(vii) Total Anticipated MLR Rebates				\$0				\$0				\$0

The rate change of 37.97%, for UHCOR, is projected to yield an assumed profit of 3.95% after taxes. The premium collected in plan year 2024 was \$46,981,987. Incurred claims during this



period were \$47,579,385 and UHC expects payments of \$882,622 for risk adjustment. The loss ratio, or portion of premium required to pay medical claims, for plan year 2024 is 103.80%.

Changes in Medical Service Costs

There are many different healthcare cost trends that contribute to increases in the overall U.S. healthcare spending each year. These trend factors affect health insurance premiums, which can mean a premium rate increase to cover costs. Some of the key healthcare cost trends that have affected this year's rate actions include:

- Increasing cost of medical services: Annual increases in reimbursement rates to healthcare providers, such as hospitals, doctors, and pharmaceutical companies.
- Increased utilization: The number of office visits and other services continues to grow. In addition, total healthcare spending will vary by the intensity of care and use of different types of health services. The price of care can be affected using expensive procedures such as surgery versus simply monitoring or providing medications.
- Higher costs from deductible leveraging: Healthcare costs continue to rise every year. If deductibles and copayments remain the same, a higher percentage of healthcare costs need to be covered by health insurance premiums each year.
- Impact of new technology: Improvements to medical technology and clinical practice often result in the use of more expensive services, leading to increased healthcare spending and utilization.
- Expiration of enhanced premium tax credits: Expanded and enhanced federal premium tax credits for consumers will expire at the end of 2025. As a result, post-tax credit premiums will increase for calendar year 2026.
- Changes in market morbidity: Premiums reflect the expected increase in the average cost per member due to healthier members leaving the market if enhanced APTCs are allowed to expire.

Changes in Benefits

Changes in benefits impact costs and therefore affect premium changes. Plan benefits are typically changed for one of three reasons: to comply with the requirements of the Affordable Care Act or state law, to respond to consumer feedback, or to address a particular medical cost issue to provide greater long-term affordability of the product.

The Affordable Care Act implemented requirements for the "value" that must be offered by plan designs in the Individual and Small Group markets. These are called "metal levels". For a benefit plan to remain classified within a particular metal level from year to year, adjustments to deductibles, copayments or coinsurance are sometimes required. These adjustments impact the cost and therefore the premium increases for the plan.

Additionally, Washington revised their Benchmark Plan effective in the plan year 2026. As a result, additional EHBs have been incorporated into plan designs.

Administrative Costs and Anticipated Margins



UHCOR works to directly control administrative expenses by adopting better processes and technology and developing programs and innovations that make healthcare more affordable. We have led the marketplace by introducing key innovations that make healthcare services more accessible and affordable for customers, improve the quality and coordination of healthcare services, and help individuals and their physicians make more informed healthcare decisions.

Taxes and fees imposed by the state and federal government are significant factors that impact healthcare spending and must be included as additional administrative costs associated with the plans. These fees include Affordable Care Act taxes and fees which impact health insurance costs and need to be reflected in premium. Another component of premium is margin, which is set to address expected volatility and risk in the market.

The requested rate change is anticipated to be sufficient to cover the projected benefit and administrative costs for the 2026 plan year.

