



Sentara Health Insurance Company
Individual Medical Business
Part II – Written Description Justifying the Rate Increase

This document contains the Part II written description justifying the rate increase subject to review on Sentara Health Insurance Company's (SHIC) individual medical block of business, effective January 1, 2026. The statements provided are intended to provide a brief, non-technical description of why the issuer is requesting the proposed rate increase.

The information in this document will be provided to the Commonwealth of Virginia Bureau of Insurance (BOI), the Center for Consumer Information and Insurance Oversight (CCIO), and their subcontractors to assist in the review of SHIC's rate filing. We understand that the information provided will be considered public documents, and, as such, may be subject to disclosure to other third parties. Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed to place no reliance upon this actuarial memorandum or rate filing prepared for SHIC by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman to any third party.

PART II – WRITTEN DESCRIPTION JUSTIFYING THE RATE INCREASE

Scope and Range of Rate Increase

Sentara Health Insurance Company's (SHIC's) average proposed rate increase of 20.1%, effective January 1, 2026. This change will not impact any members, as there are zero members in this plan based on March 2025 membership. The rate increase varies by tobacco usage status, ranging between 19.5% and 43.4%.

Financial Experience of the Product

There is no historical experience for SHIC, so a manual rate is used. The underlying manual rate is based on experience from an affiliated company, Sentara Health Plans (SHP). SHP had an overall risk-adjusted loss ratio of 99% in 2024, impacting projected 2026 costs used in the SHIC manual rate development.

Changes in Medical Service Costs

Medical trend for these products is anticipated to be an average of 6.8% per year on allowed claims. This was developed based on historical experience, as well as consideration for information available on changes in the cost of services due to general medical inflation and changes in the anticipated utilization of services. For 2026 cost projections, adjustments to 2024 allowed claims consider population changes and costs.

Changes in Benefits

Changes in benefits have been made to these plans, leading to an aggregate 3.8% decrease in rates. Any impact of benefit changes is reflected in the proposed rate changes.

Administrative Costs and Anticipated Profits

SHIC premium rates reflect the same underlying administrative costs and profit and risk margin that was used in 2025 pricing. As such, there is no premium impact related to these assumptions.