

Part II: Written Description Justifying the Rate Increase

OVERVIEW OF THE FILING

- Company Legal Name: Boston Medical Center Health Plan, Inc. (BMCHP) d/b/a WellSense Health Plan (WellSense)
- Actuary Responsible for Filing: Blesilda Tuan, ASA MAAA
- Coverage Period for Rates Filed: Issued/renewed in CY 2026
- Number of Plans Filed: 8
- Number of Renewing Individuals and Dependents: 132,551
- Number of Renewing Small Groups: 264
- Number of Renewing Small Group Members: 682
- Overall Average Proposed Rate Change over Prior Period: 16.2%

KEY DRIVERS FOR THE PROPOSED RATE CHANGE

The overall average annual premium rate change is 16.2%, which is driven by the factors outlined below:

- Projected higher medical and pharmacy trend:
 - We are observing a sustained upward cost trend in medical services. During provider contracting negotiations, the providers tend to demand higher rate increases for our ACA line of business to compensate for the lower Medicaid reimbursement rates on our Medicaid line of business.
 - Network re-contracting across all metal tiers, which was necessitated by requirements in the Connector's 2024 SOA, continues to contribute to the overall increase in provider costs. The discontinuation of the ConnectorCare pilot program would exacerbate the impact as members transition to Bronze plans, where we pay higher provider reimbursement rates.
 - The annual trend for behavioral services was near 30% during the past two years, driven by higher utilization from members redetermined from MassHealth and increasing provider cost trends. WellSense expects these trend pressures to continue, even as we insource behavioral health services for 2026.
 - Even with the exclusion of anti-obesity GLP-1 coverage, the pharmacy trend remains above double digits. This is largely due to a shift in utilization toward brand-name and specialty drugs, including some newly approved high-cost cell and gene therapies.

- Furthermore, we anticipate higher pent-up utilization driven by the significant membership growth WellSense has experienced since the beginning of 2024. Many of these new members were only partially enrolled during the base period and are expected to elevate their utilization to normal levels in the following years.
- Risk Adjustment: WellSense has experienced over a 20% average annual increase in risk adjustment transfer payment PMPMs since 2021 and projects this trend to continue in the coming years. Our significant membership growth during the last two years has shifted the demographic profile and lowered our risk scores in the risk adjustment settlement calculation. Having the lowest premium level relative to the merged market average compounds the impact. Also, the federal “CSR Adjustment Factor” to account for benefit richness (or induced demand) does not adequately account for the value of ConnectorCare plans, which offer more coverage than Platinum plans.
- Silver Loading: The majority of WellSense members are enrolled in ConnectorCare plans and are expected to receive Federal and State Cost-Sharing Reductions (CSRs) in accordance with ACA regulations. The "Silver Loading" represents the additional premium applied to the Silver A II plan to account for the assumption that no federal CSR funding will be provided. The anticipated discontinuation of the expansion ConnectorCare pilot program will shift the member mix in the Silver A II plan, which will increase our Silver Loading requirement for 2026 rates.
- Unanticipated cost pressures for CY 2024 and CY 2025: As we developed rates for 2024 and 2025, WellSense was still experiencing very favorable base claims and a moderate claims trend. For 2024 and 2025, WellSense delivered annual rate increases of -3.3% and 5.7%, respectively, allowing our plans to serve as the most affordable choices in the Massachusetts’ merged market. However, with significant growth from MassHealth redeterminations and the 2024-25 ConnectorCare expansion pilot, our membership demographic and utilization patterns have shifted substantially. The base experience, emerging trends, and projected risk adjustment payments all indicate an atypical increase in our 2026 base rate is necessary to ensure that WellSense remains financially viable while still providing comparatively affordable options to consumers, especially those receiving federal and state subsidies. From a three-year perspective, WellSense’s average annual increase from 2024 to 2026 remains below 6%, which is lower than the market average. Additionally, most of WellSense’s members are in the ConnectorCare plans, where they will see very limited premium increases due to the cap imposed by the Health Connector’s affordability schedule.

Impact on Consumers

WellSense currently has approximately 137,000 members enrolled in a Qualified Health Plan (QHP) as of March 2025, with the majority enrolled through the Massachusetts Health Insurance Exchange (“Exchange”). The actual rate change for individual members will vary based on plan selection, age, geographic location, and eligibility for premium subsidies through the Exchange. Due to the impact of premium subsidies and the affordability schedule outlined in the 2026 Connector’s SOA, many members are expected to experience minimal premium increases.